THE ROCKEFELLER UNIVERSITY

Financial Statements and Supplementary
Information on Federal Awards Programs

Year ended June 30, 2012

(With Independent Auditors' Report and
Reports on Internal Control and Compliance Thereon)

THE ROCKEFELLER UNIVERSITY

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

Independent Auditors' Report

The Board of Trustees
The Rockefeller University:

We have audited the accompanying balance sheet of The Rockefeller University (the University) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2011 financial statements, and in our report dated November 7, 2011, we expressed an unqualified opinion on those financial statements. Our report indicated that The Rockefeller University adopted Accounting Standards Codification 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, for classification of donor-restricted endowment funds in 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rockefeller University as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2012, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

November 1, 2012

THE ROCKEFELLER UNIVERSITY

Balance Sheet

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

Assets	**2012**	**2011**
Cash and cash equivalents	$ 140,476,013	154,584,878
Accounts and accrued interest receivable	13,596,159	11,794,142
Contributions receivable (note 8)	212,956,385	170,705,088
Loans receivable – faculty and staff	31,126,171	24,069,252
Deposits held by bond trustees (note 13)	37,069,009	99,540,805
Other assets	33,263,979	31,279,276
Investments (notes 2 and 13)	1,711,024,809	1,810,522,314
Plant assets, net (note 6)	729,261,888	675,935,434
Total assets	$ 2,908,774,413	2,978,431,189
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 44,036,362	42,177,567
Deferred revenues	4,348,929	4,317,649
Obligation under derivative instruments (notes 5 and 13)	180,224,602	90,220,601
Long-term debt (notes 5 and 13)	628,207,668	629,566,633
Conditional asset retirement obligation	7,464,489	7,156,044
Postretirement benefit obligation (note 7)	58,011,000	48,375,000
Amounts held for others (note 12)	90,790,439	93,739,316
Total liabilities	1,013,083,489	915,552,810
Commitments and contingencies (notes 2, 6 and 11)		
Net assets (note 3):		
Unrestricted	393,550,326	522,043,957
Temporarily restricted (note 9)	1,247,921,071	1,288,971,100
Permanently restricted (note 9)	254,219,527	251,863,322
Total net assets	1,895,690,924	2,062,878,379
Total liabilities and net assets	$ 2,908,774,413	2,978,431,189

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Activities

Year ended June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

	2012				2011
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Revenues:					
Government grants and contracts	$ 86,323,449	—	—	86,323,449	99,385,778
Private gifts and grants	25,531,526	96,684,715	2,660,969	124,877,210	55,157,612
Investment income (loss) (note 2)	(2,230,657)	(3,929,071)	595,236	(5,564,492)	270,777,890
Net (depreciation) appreciation in fair value of derivative instruments (note 5)	(90,004,001)	—	—	(90,004,001)	24,377,980
Sales and services of auxiliary enterprises	29,971,225	—	—	29,971,225	30,476,605
Rent, royalty, and other income	11,770,557	—	—	11,770,557	14,891,840
Net assets released from restrictions (note 9)	134,705,673	(133,805,673)	(900,000)	—	—
Total revenues	196,067,772	(41,050,029)	2,356,205	157,373,948	495,067,705
Expenses and other changes:					
Expenses (note 10):					
Research	211,361,998	—	—	211,361,998	208,903,560
Graduate education	12,170,415	—	—	12,170,415	12,297,353
Research support	21,875,698	—	—	21,875,698	20,071,547
Institutional support	41,905,419	—	—	41,905,419	40,255,344
Auxiliary enterprises	31,135,631	—	—	31,135,631	31,230,143
Total expenses	318,449,161	—	—	318,449,161	312,757,947
Other changes:					
Postretirement related changes other than net periodic postretirement benefit cost (note 7)	3,151,000	—	—	3,151,000	(8,731,000)
Provision for uncollectable contributions receivable	—	—	—	—	2,922,063
Gain on sale of fixed assets (note 6)	—	—	—	—	(9,046,118)
Write-off of fixed assets (note 6)	2,961,242	—	—	2,961,242	13,050,083
Net expenses and other changes	324,561,403	—	—	324,561,403	310,952,975
Change in net assets	(128,493,631)	(41,050,029)	2,356,205	(167,187,455)	184,114,730
Net assets at beginning of year	522,043,957	1,288,971,100	251,863,322	2,062,878,379	1,878,763,649
Net assets at end of year	$ 393,550,326	1,247,921,071	254,219,527	1,895,690,924	2,062,878,379

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ (167,187,455)	184,114,730
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net depreciation (appreciation) in fair value of investments	9,219,989	(267,112,186)
Net depreciation (appreciation) in fair value of derivative instruments	90,004,001	(24,377,980)
Write-off of fixed assets	2,961,242	13,050,083
Gain on sale of fixed assets	—	(9,046,118)
Depreciation and amortization	35,837,382	35,452,415
Write-off of bond issue costs	230,402	—
Write-off of unamortized bond discount	1,071,529	—
Provision for uncollectable pledges	—	2,922,063
Private gifts and grants restricted for long-term investment	(2,660,969)	(1,816,688)
Changes in operating assets and liabilities:		
Accounts and accrued interest receivable	(1,802,017)	942,099
Contributions receivable, excluding amounts in financing activities	(45,992,504)	15,251,145
Other assets	(1,042,643)	(171,884)
Accounts payable and accrued expenses	(306,247)	1,233,655
Deferred revenues	31,280	173,365
Conditional asset retirement obligation	308,445	(1,133,327)
Postretirement benefit obligation	9,636,000	(1,744,000)
Amounts held for others	(2,515,959)	(6,419,578)
Net cash used in operating activities	(72,207,524)	(58,682,206)
Cash flows from investing activities:		
Proceeds from sale of investments	363,942,957	421,085,207
Purchase of investments	(274,099,010)	(302,326,775)
Additions to plant assets	(92,327,718)	(53,786,581)
Change in accounts payable for capital expenditures	2,165,042	(4,776,711)
Proceeds from sale of fixed assets	—	23,386,827
Principal collections on loans receivable – faculty and staff	918,506	3,067,780
Issuance of loans – faculty and staff	(7,975,425)	(4,772,594)
Change in deposits held by bond trustees, net	62,472,447	(29,742,354)
Net cash provided by investing activities	55,096,799	52,134,799
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	6,402,176	5,982,193
Proceeds from long-term debt	86,460,575	53,818,500
Retirement of indebtedness	(88,425,000)	(4,300,000)
Settlement of derivative instruments	—	(2,750,000)
Line-of-credit payments	—	(20,000,000)
Bond issuance costs	(1,435,891)	(1,045,123)
Net cash provided by financing activities	3,001,860	31,705,570
Net (decrease) increase in cash and cash equivalents	(14,108,865)	25,158,163
Cash and cash equivalents at beginning of year	154,584,878	129,426,715
Cash and cash equivalents at end of year	$ 140,476,013	154,584,878
Supplemental disclosures:		
Interest paid	$ 31,059,768	31,229,950
Net depreciation in amounts held for others	(432,918)	(15,335,922)

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

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

The Rockefeller University (the University) is a world-renowned center for research and graduate education in the biomedical sciences, chemistry, bioinformatics and physics. The University's 74 laboratories conduct both basic and clinical research and study a diverse range of biological and biomedical problems with the mission of improving the understanding of life for the benefit of humanity. Laboratories are loosely clustered in 6 research areas, including biochemistry, structural biology, and chemistry; medical sciences and human genetics; molecular, cell, and developmental biology; immunology, virology, and microbiology; neuroscience; and physics and mathematical biology. The University does not charge tuition. Its revenues are derived primarily from investment income, government grants and contracts, and private gifts and grants.

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

(a) Basis of Presentation

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

Unrestricted net assets are not subject to donor-imposed restrictions, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets are subject to donor-imposed restrictions that will be met by actions of the University or the passage of time. Commencing in 2011, this net asset category includes unexpended gains on endowment funds that have not been appropriated for expenditure (note 3).

Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income and gains on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. As discussed further in note 3, in 2011 the University adopted the provision of Accounting Standards Codification (ASC) 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, which impacts the reporting of investment return on endowment funds. Accordingly, commencing in 2011, dividends, interest, and net gains and losses on endowment funds are reported as follows: (i) as increases or decreases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund; or (ii) as increases or decreases in temporarily restricted net assets until appropriated for expenditure by the University.

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

(b) Fair Value Measurements

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

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

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

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

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

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

(c) Cash Equivalents

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

(d) Contributions

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

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

THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

(e) Investments

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

(f) Plant Assets

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

(g) Government Grants and Contracts

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

(h) Derivative Instruments

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness.

(i) Conditional Asset Retirement Obligation

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

(j) Income Taxes

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC 740-10, Accounting for Income Taxes – Overall, which addresses accounting for uncertainties in income taxes recognized in an enterprise's financial statements. The University utilizes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

(k) Use of Estimates

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

(l) Comparative Financial Information

The statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2011 financial statements, from which the summarized information was derived.

(2) Investments

The fair value of the University's investments consists of the following at June 30, 2012 and 2011:

		2012	**2011**
Cash equivalents	$	42,627,275	78,263,034
U.S. government and agency obligations		54,947,604	102,295,473
U.S. long equities		172,416,594	156,459,264
International/global equities		263,186,942	302,487,525
Alternative investments – public:			
Long/short equities		277,570,850	346,777,690
Absolute return		271,920,862	256,655,939
Real assets		90,046,821	69,313,446
Alternative investments – private:			
Buyout funds		203,909,993	206,633,951
Venture capital funds		135,354,387	125,408,027
Real estate funds		141,970,895	122,167,474
Natural resources and other		57,072,586	44,060,491
	$	1,711,024,809	1,810,522,314

Investments include limited partnerships totaling approximately $1.472 billion and $1.497 billion at June 30, 2012 and 2011, respectively, which are presented above by the underlying investment classification.

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

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

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

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

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

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

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

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

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

At June 30, 2012, the University had approximately $257 million for which capital calls had not been exercised pertaining to alternative investments – private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

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Investment income consists of the following as of June 30:

		2012				2011
		Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Interest and dividends	$	895,608	2,759,889	—	3,655,497	3,665,704
Net (depreciation) appreciation in fair value of investments		(3,126,265)	(6,688,960)	595,236	(9,219,989)	267,112,186
Total	$	(2,230,657)	(3,929,071)	595,236	(5,564,492)	270,777,890

(3) Endowment Funds

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget.

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

The Investment Committee of the University's Board of Trustees (the Committee) is responsible for overseeing the endowment. With the support of the Office of Investments, the Committee establishes the endowment's investment policy and asset allocation, retains and oversees external investment managers, and monitors the implementation and performance of the investment program.

The Committee has established a long-term asset allocation policy, which is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. The policy emphasizes (1) a substantial allocation to equity investments; (2) broad diversification by asset class, style, and manager; (3) low correlation to traditional equity market indices; (4) low volatility strategies; and (5) less efficient asset classes.

The asset allocation policy is reviewed annually by the Committee. Actual asset allocation is reviewed quarterly by the Committee, which may tactically overweight or underweight a particular asset class.

The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes. At June 30, 2012, the fair values of 18 endowment accounts were less than their original fair value (underwater) by a total of approximately $3 million. At June 30, 2011, the fair values of 15 endowment accounts were less than their original fair value (underwater) by a total of approximately $1.6 million.

In September 2010, New York State enacted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

the gift instrument absent explicit donor stipulations to the contrary. As a result of this interpretation, the University has not changed the way permanently restricted net assets are classified. Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The University operates under a spending policy for operations that applies a spending rate to the endowment's trailing three-year average fair value of investments. The applied spending rate as of June 30, 2012 and 2011 was 6% of the three-year average fair value of investments. The spending rate appropriation from the temporarily restricted portion of the endowment for the year ended June 30, 2012 was $74,110,494.

At June 30, 2012 and 2011, net assets associated with endowment funds consisted of the following:

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

	2011			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor restricted	$ (1,589,317)	1,060,181,398	226,450,847	1,285,042,928
Designated for long-term purposes	335,357,919	—	—	335,357,919
Total	$ 333,768,602	1,060,181,398	226,450,847	1,620,400,847

THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2012
(with comparative financial information as of and
for the year ended June 30, 2011)

Changes in net assets associated with endowment funds, exclusive of pledges and non pooled endowments, principally in trusts for the years ended June 30, 2012 and 2011 were as follows:

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

	2011			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Net assets at June 30, 2010	$ 1,170,534,665	60,456,256	220,354,156	1,451,345,077
Contributions	—	—	5,982,193	5,982,193
Interest and dividends	223,702	2,153,443	—	2,377,145
Realized gains	39,293,408	166,428,814	—	205,722,222
Unrealized gains	13,542,621	45,119,293	114,498	58,776,412
Distributions	(17,946,481)	(79,619,506)	—	(97,565,987)
Transfers, net	(3,423,493)	(2,812,722)	—	(6,236,215)
Net asset reclassification for adoption of ASC 958-205	(868,455,820)	868,455,820	—	—
Net assets at June 30, 2011	$ 333,768,602	1,060,181,398	226,450,847	1,620,400,847

(4) Obligation under Line of Credit

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

Interest expense relating to the obligation under the line of credit for the years ended June 30, 2012 and 2011 was approximately $77,000 and $308,000, respectively.

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Financing Arrangements since the Balance Sheet Date

On October 14, 2012, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a $50 million uncommitted facility, expiring on October 14, 2013, to be used for capital purposes. Borrowings may occur at LIBOR plus 0.45%, money market rate plus 0.45%, or a Corporate Base Rate.

(5) Long-Term Debt

The University has financed certain plant asset acquisition and construction costs through revenue obligations of the Dormitory Authority of the State of New York (the Authority). The following obligations were outstanding at June 30, 2012 and 2011:

	2012	2011
The Rockefeller University Revenue Bonds, Series 2012B, 4.00% to 5.00%, due serially to 2038	$ 51,390,000	—
The Rockefeller University Revenue Bonds, Series 2012A, 4.00% to 5.00%, due serially to 2037	26,465,000	—
The Rockefeller University Revenue Bonds, Series 2010A, 5.00%, due serially to 2041	50,000,000	50,000,000
The Rockefeller University Revenue Bonds, Series 2009C, 5.00%, due serially to 2040	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2009B, variable rate, hedged by interest rate swap, due 2040 (effective rate 3.81% and 3.74% as of June 30, 2012 and 2011, respectively)	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2009A, 4.50% to 5.00%, due serially to 2028	59,295,000	59,295,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 3.81% and 3.72% as of June 30, 2012 and 2011, respectively)	103,215,000	103,215,000
The Rockefeller University Revenue Bonds, Series 2005A, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 5.39% and 5.32% as of June 30, 2012 and 2011, respectively)	63,325,000	63,650,000
The Rockefeller University Revenue Bonds, Series 2002A1, fixed at 5.00%, due 2032	—	55,000,000

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		2012	2011
The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, hedged by interest rate swap, due 2032 (effective rate 4.74% and 4.67% as of June 30, 2012 and 2011, respectively)	$	50,000,000	50,000,000
The Rockefeller University Revenue Bonds, Series 1998, 4.00% to 5.00%, due serially to 2037		—	29,000,000
The Rockefeller University Revenue Bonds, Series 1998A, variable rate, hedged by interest rate swap fixed interest at 5.38%, due serially to 2014		8,800,000	12,900,000
		612,490,000	623,060,000
Unamortized bond premium, net of discount		15,717,668	6,506,633
	$	628,207,668	629,566,633

On February 15, 2012, the Authority issued $26,465,000 of The Rockefeller University Revenue Bonds, Series 2012A. The proceeds from the Series 2012A bonds were used to provide payment of the Authority's The Rockefeller University Revenue Bonds, Series 1998. The Series 1998 bonds were refunded on April 12, 2012 at a redemption price equal to 100% of the principal amount of the Series 1998 bonds, plus accrued and unpaid interest.

On March 7, 2012, the Authority issued $51,390,000 of The Rockefeller University Revenue Bonds, Series 2012B. The proceeds from the Series 2012B Bonds will be used to provide payment of the Authority's The Rockefeller University Revenue Bonds, Series 2002A1. On March 7, 2012, the Series 2002A1 bonds were defeased and subsequently repaid in an amount equal to the outstanding obligation, plus accrued and unpaid interest on July 2, 2012. Since the University was legally released from its obligation under the bonds when defeased, the debt is not recorded in the University's 2012 financial statements.

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

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As of June 30, 2012, the University's projected debt service payments on its long-term debt are as follows:

		Principal	Interest	Total debt service
Year ending June 30:				
2013	$	4,625,000	27,948,490	32,573,490
2014		4,850,000	27,704,150	32,554,150
2015		350,000	27,448,050	27,798,050
2016		350,000	27,434,050	27,784,050
2017		375,000	27,420,050	27,795,050
Thereafter		601,940,000	515,779,375	1,117,719,375
	$	612,490,000	653,734,165	1,266,224,165

Interest expense on long-term debt for the years ended June 30, 2012 and 2011 was approximately $26,853,000 and $29,148,000, respectively, of which, $4,600,000 and $2,200,000 was capitalized for the years ended June 30, 2012 and 2011, respectively.

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

Interest Rate Swap Agreements

The University has entered into six interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2012:

Effective date		Notional amount	Termination date
April 30, 1998	$	12,900,000	2014
January 31, 2002		50,000,000	2032
May 2, 2005		50,000,000	2032
July 1, 2008		100,000,000	2039
July 1, 2009		100,000,000	2040
July 1, 2010		75,000,000	2040

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The swaps are a partial hedge of the Series 1998A, Series 2002A2, Series 2005A, Series 2008A, and Series 2009B bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the balance sheet is the net cumulative loss on these derivative transactions in the amounts of $180,224,602 and $90,220,601 at June 30, 2012 and 2011, respectively. Additionally, the change in the cumulative loss is included in net (depreciation) appreciation in fair value of derivative instruments in the accompanying statement of activities, and amounted to a loss of $90,004,001 for the year ended June 30, 2012 and a gain of $24,377,980 for the year ended June 30, 2011.

(6) Plant Assets

Plant assets at June 30, 2012 and 2011 are comprised of the following:

		2012	2011
Land and land improvements	$	13,829,113	13,681,660
Buildings and building improvements		900,022,017	887,299,297
Equipment		67,612,403	88,726,795
Leasehold improvements		424,726	424,726
Library books		755,237	755,237
Works of art		770,239	770,239
Total		983,413,735	991,657,954
Less accumulated depreciation and amortization		(373,967,833)	(363,968,928)
Construction in progress		119,815,986	48,246,408
	$	729,261,888	675,935,434

The University has commitments in the amount of $41 million and $101 million as of June 30, 2012 and 2011, respectively, relating to its capital expansion project. The University wrote off $13.1 million in 2011, which represents the carrying value of one of its buildings being renovated in conjunction with its capital expansion project. In 2012, the University wrote off fixed assets with a carrying value of approximately $3 million. Additionally during 2011, the University sold a building it owned on the upper east side of Manhattan for $24 million, which resulted in a gain on the sale of fixed assets of $9 million.

(7) Retirement Benefits

The University has defined contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately $8,167,000 and $7,964,000 for the years ended June 30, 2012 and 2011, respectively.

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

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balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets.

The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's financial statements as of and for the years ended June 30, 2012 and 2011:

		2012	2011
Change in benefit obligation:			
Benefit obligation at beginning of year	$	65,479,000	64,149,000
Service cost		2,521,000	2,588,000
Interest cost		3,381,000	3,231,000
Plan participants' contributions		259,000	253,000
Retiree drug subsidy receipts		33,000	278,000
Actuarial loss (gain)		5,788,000	(3,202,000)
Benefits paid		(1,880,000)	(1,818,000)
Benefit obligation at end of year		75,581,000	65,479,000
Change in plan assets:			
Fair value of plan assets at beginning of year		17,104,000	14,030,000
Actual return on plan assets		466,000	3,074,000
Employer contribution		1,588,000	1,287,000
Plan participants' contributions		259,000	253,000
Retiree drug subsidy receipts		33,000	278,000
Benefits paid		(1,880,000)	(1,818,000)
Fair value of plan assets at end of year (Level 1 inputs)		17,570,000	17,104,000
Accrued postretirement benefit obligation	$	58,011,000	48,375,000

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

		2012	2011
Service cost	$	2,521,000	2,588,000
Interest cost		3,381,000	3,231,000
Expected return on plan assets		(1,356,000)	(1,113,000)
Amortization:			
Transition obligation		670,000	670,000
Prior service cost		2,858,000	2,858,000
Actuarial gains		—	40,000
Net periodic postretirement benefit cost	$	8,074,000	8,274,000

The estimated amount that will be amortized into net periodic postretirement benefit cost in 2013 is $3,863,000.

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As of June 30, 2012, the postretirement benefit obligation includes unrecognized prior service costs, transition obligation, and net actuarial losses of $12,076,000, $670,000, and $10,908,000, respectively. As of June 30, 2011, the postretirement benefit obligation includes unrecognized prior service costs, transition obligation, and net actuarial losses of $14,934,000, $1,340,000, and $4,229,000, respectively.

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

	2012	2011
Discount rate for benefit obligation	4.643%	5.55%
Discount rate for net periodic postretirement cost	5.55	5.37
Expected return on plan assets	7.93	7.93

For measurement purposes, an annual rate ranging from 6% to 8.5% of increase in the per capita cost of covered healthcare and prescription drug benefits was assumed as of June 30, 2012. The rates were assumed to decrease to an ultimate rate of 5% in 2018 and remain at that level thereafter. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	1-percentage-point increase	1-percentage-point decrease
Effect on total of service and interest cost components	$ 1,206,000	(942,000)
Effect on year-end APBO	13,601,000	(10,796,000)

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

	2012	2011	Target
Asset category:			
Equities	71%	72%	70%
Fixed income	29	28	30
	100%	100%	100%

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

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The benefits expected to be paid in each fiscal year from 2013 to 2017 and the five subsequent years thereafter are as follows:

		Expected benefits payments not reflecting Medicare subsidy	Medicare subsidy	Expected benefits reflecting Medicare subsidy
2013	$	2,724,000	245,000	2,479,000
2014		2,937,000	261,000	2,676,000
2015		3,089,000	279,000	2,810,000
2016		3,267,000	294,000	2,973,000
2017		3,457,000	308,000	3,149,000
2018 – 2022		20,622,000	1,759,000	18,863,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2012.

Employer contributions of approximately $2 million are expected to be made in 2013.

(8) Contributions Receivable

Contributions receivable consist of the following at June 30, 2012 and 2011:

		2012	2011
Amounts expected to be collected in:			
Less than one year	$	40,028,430	30,037,227
One year to five years		156,050,501	131,207,831
Thereafter		32,720,000	17,880,000
		228,798,931	179,125,058
Less allowance		(2,500,000)	(2,500,000)
Less discount to present value at 5% rate at June 30, 2012 and 2011		(13,342,546)	(5,919,970)
	$	212,956,385	170,705,088

Included in gross contributions receivable at June 30, 2012 is approximately $143 million due from three donors.

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(9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2012 and 2011:

	2012	2011
Restricted as to purpose:		
Research	$ 121,461,078	143,727,939
Research support	2,390,670	6,959,989
Renovation of facilities	1,050,142	1,299,232
Graduate education	891,215	1,067,182
Restricted as to time:		
For subsequent years	1,121,953,493	1,135,742,285
Annuity trust agreements	174,473	174,473
	$ 1,247,921,071	1,288,971,100

Permanently restricted net assets at June 30, 2012 and 2011 are restricted to investments in perpetuity, with investment return available to support the following activities:

	2012	2011
Research	$ 53,081,303	51,257,477
Research support	4,202,254	4,203,768
Unrestricted activities	196,935,970	196,402,077
	$ 254,219,527	251,863,322

Net assets released from restrictions as of June 30, 2012 consisted of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Spending on restricted funds	$ 60,595,179	(60,595,179)	—	—
Donor reclassification	—	900,000	(900,000)	—
Spending rate appropriation	74,110,494	(74,110,494)	—	—
Total	$ 134,705,673	(133,805,673)	(900,000)	—

(10) Expenses

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated

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$276,544,000 and $272,503,000 in 2012 and 2011, respectively. Institutional support includes approximately $7,205,000 and $6,831,000 of fund-raising expenses in 2012 and 2011, respectively.

(11) Contingent Liabilities

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

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

(12) The Rockefeller Archive Center

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

The University has entered into an agreement whereby it is providing certain management and investment services to RAC. Amounts held for others represent the fair value of RAC's units in the University's endowment pool. RAC, upon written notice to the University, may submit a request to redeem all or a portion of the units held by RAC. The notice period varies from three months (approximately $2 to $10 million) to two years (the entire value of the units) depending on the dollar amount of the redemption request. Pursuant to the terms of the investment services agreement, RAC has no beneficial interest or rights with respect to the University's underlying investments.

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(13) Fair Value

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

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

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Long equities and alternative investments – public contain various monthly, quarterly, semi-annual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. Included in the Level 2 classification are investments subject to lock-up periods that can be redeemed quarterly subject to a penalty. As of June 30, 2012, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

Redemption period	Long equities	Long/short equities	Absolute return	Real assets	Total
Monthly	$ 49,302,068	—	24,357,574	—	73,659,642
Quarterly	148,940,132	63,259,425	66,484,843	90,046,821	368,731,221
Semiannual	—	12,103,129	—	—	12,103,129
Annual	—	47,098,648	148,211,133	—	195,309,781
In liquidation	—	5,516,378	18,657,669	—	24,174,047
Lock-up (a)	96,257,512	149,593,270	14,209,645	—	260,060,427
Total	$ 294,499,712	277,570,850	271,920,864	90,046,821	934,038,247

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

	Amount
Fiscal year:	
2013	$ 102,002,085
2014	70,664,599
Thereafter	87,393,743
	$ 260,060,427

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

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The summary of the University's assets and liabilities at June 30, 2011 that are reported at fair value are within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Cash equivalents	$ 78,263,034	—	—	78,263,034
U.S. government and agency obligations	—	102,295,473	—	102,295,473
U.S. long equities	70,937,788	62,003,625	23,517,851	156,459,264
International/global equities	61,581,623	240,905,902	—	302,487,525
Alternative investments – public:				
Long/short equities	—	280,886,528	65,891,162	346,777,690
Absolute return	—	70,919,271	185,736,668	256,655,939
Real assets	—	29,313,446	40,000,000	69,313,446
Alternative investments – private:				
Buyout funds	—	—	206,633,951	206,633,951
Venture capital funds	—	—	125,408,027	125,408,027
Real estate funds	—	—	122,167,474	122,167,474
Natural resources and other	—	—	44,060,491	44,060,491
Total investments	210,782,445	786,324,245	813,415,624	1,810,522,314
Other assets:				
Deposits held by bond trustee, primarily government-backed securities	—	99,540,805	—	99,540,805
Total assets	$ 210,782,445	885,865,050	813,415,624	1,910,063,119
Liabilities:				
Interest rate swap agreements	$ —	90,220,601	—	90,220,601

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

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

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

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	Fair value at June 30, 2010	Acquisitions	Dispositions	Transfers out	Realized gains	Unrealized gains (losses)	Fair value at June 30, 2011
Alternative investments – public:							
Long equities	$ 61,199,060	8,886,779	—	(46,745,880)	—	177,892	23,517,851
Long/short equities	123,022,101	10,000,000	(84,164,384)	—	49,456,892	(32,423,447)	65,891,162
Absolute return	181,480,193	—	(12,062,728)	—	1,221,894	15,097,309	185,736,668
Real assets	—	40,000,000	—	—	—	—	40,000,000
Total alternative investments – public	365,701,354	58,886,779	(96,227,112)	(46,745,880)	50,678,786	(17,148,246)	315,145,681
Alternative investments – private:							
Buyout funds	177,096,574	24,862,892	(25,689,488)	—	7,806,444	22,557,529	206,633,951
Venture capital funds	102,835,398	11,115,121	(7,437,448)	—	4,713,220	14,181,736	125,408,027
Real estate funds	101,101,770	20,930,358	(12,274,023)	—	6,969,452	5,439,917	122,167,474
Natural resources and other	29,871,278	16,271,398	(29,071,554)	—	26,148,432	840,937	44,060,491
Total alternative investments – private	410,905,020	73,179,769	(74,472,513)	—	45,637,548	43,020,119	498,269,943
Total	$ 776,606,374	132,066,548	(170,699,625)	(46,745,880)	96,316,334	25,871,873	813,415,624

(Continued)

The carrying amount of the University's short-term financial instruments approximates fair value because of their short maturity. The carrying value of contributions receivable approximates their fair value. At June 30, 2012, the fair value of long-term debt is approximately $647 million. The estimated fair value of the University's long-term debt is based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality.

(14) Subsequent Events

The University evaluated events subsequent to June 30, 2012 through November 1, 2012, the date on which the financial statements were issued and concluded that no additional disclosures are required. See notes 4 and 5 for further discussion on subsequent events.

THE ROCKEFELLER UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Federal grants/program title or cluster	CFDA number	Pass-through entity identifying number	Expenditures
Research and development cluster:			
Department of Health and Human Services (DHHS):			
National Center for Research Resources	93.389		$ 12,441,813
ARRA – National Center for Research Resources	93.701		497,015
Total National Center for Research Resources			12,938,828
National Cancer Institute	93.393		3,259,217
ARRA – National Cancer Institute	93.701		980,607
Pass-through programs from:			
Sloan–Kettering Institute for Cancer Research	93.393	BD514073, BD514081	176,211
Mount Sinai School of Medicine	93.393	0255-5673-4609	9,735
University of Texas Southwestern Medical Center	93.393	120 603	6,479
Total National Cancer Institute			4,432,249
National Eye Institute	93.867		800,487
Pass-through programs from:			
Weill Cornell Medical College of Cornell University	93.867	11 122175	246
Total National Eye Institute			800,733
National Heart, Lung, and Blood Institute	93.837		1,306,733
National Institute of Allergy and Infectious Diseases	93.855		14,712,848
ARRA – National Institute of Allergy and Infectious Diseases	93.701		97,492
Pass-through programs from:			
The University of Chicago	93.855	AI057153	159,515
Benaroya Research	93.855	R21 AI085523-03	38,025
Mount Sinai School of Medicine	93.855	0254-6906-4609	378,985
The National Academies	93.855	PGA – P28089	32,159
Emory University	93.855	AI-057266	242,898
Columbia University	93.855	AI 057158-06, 08, 09	991,498
Total National Institute of Allergy and Infectious Diseases			16,653,420
National Institute of Alcohol Abuse and Alcoholism	93.273		536,339
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		2,173,957
Pass-through programs from:			
Baylor Research Institute	93.846	P50 AR054083	5,751
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases			2,179,708
National Institute of Child Health and Human Development	93.865		589,868
ARRA – National Institute of Child Health and Human Development	93.701		25,124
Total National Institute of Child Health and Human Development			614,992
National Institute of Deafness and Other Communication Disorders	93.173		595,924
ARRA – National Institute of Deafness and Other Communication Disorders	93.701		63,078
Pass-through programs from:			
Allegheny-Singer Research Institute	93.173	R01DC008841	63,205
Total National Institute of Deafness and Other Communication Disorders			722,207
National Institute of Diabetes and Digestive and Kidney Diseases	93.847		2,394,800
ARRA – National Institute of Diabetes and Digestive and Kidney Diseases	93.701		25,040
Pass-through programs from:			
Weill Cornell Medical College of Cornell University	93.847	DK07313	57,251
Total National Institute of Diabetes and Digestive and Kidney Diseases			2,477,091
National Institute on Drug Abuse	93.279		5,205,018
ARRA – National Institute on Drug Abuse	93.701		661,037

(Continued)

THE ROCKEFELLER UNIVERSITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Federal grants/program title or cluster	CFDA number	Pass-through entity identifying number	Expenditures
Pass-through programs from:			
University of Washington	93.279	5750	$ 1,829
University of Kansas	93.279	DA018151	120,094
Weill Cornell Medical College of Cornell University	93.279	DA008259	21,365
Total National Institute on Drug Abuse			6,009,343
National Institute of General Medical Sciences	93.859		9,783,232
Pass-through programs from:			
Ohio State University	93.859	R01-GM084065	72,046
Total National Institute of General Medical Sciences			9,855,278
National Institute of Mental Health	93.242		4,555,982
ARRA – National Institute of Mental Health	93.701		47,871
Pass-through programs from:			
New York University	93.242	P50 MH58911	16,995
Research Foundation of SUNY	93.242	R01 MH076537	69,749
Total National Institute of Mental Health			4,690,597
National Institute of Neurological Disorders and Stroke	93.853		5,473,941
ARRA – National Institute of Neurological Disorders and Stroke	93.701		364,798
Pass-through programs from:			
Celidex Therapeutics	93.853	15801	70,712
University of Miami	93.853	M166671	243,864
Weill Cornell Medical College of Cornell University	93.853	R01 NS052495	348,680
Total National Institute of Neurological Disorders and Stroke			6,501,995
National Institute on Aging	93.866		2,129,804
Pass-through programs from:			
Mount Sinai School of Medicine	93.866	P01 AG16765	271,874
Total National Institute on Aging			2,401,678
National Institute of Health	93.310		36,700
ARRA – National Institute of Health	93.701		1,123,099
Pass-through program from:			
Notre Dame	93.UNK		400,364
Total National Institute of Health			1,560,163
Total DHHS			73,681,354
Department of the Army	12.420		7,339,656
Department of Energy	81.049		523,627
National Science Foundation	47.074		1,248,289
Research training programs:			
Department of Health and Human Services:			
National Institute of Allergy and Infectious Diseases	93.855		134,498
National Cancer Institute	93.393		483,679
National Institute of Human Genome	93.172		106,027
National Institute of Mental Health	93.242		94,614
National Institute of General Medical Sciences	93.859		527,531
Total research training programs			1,346,349
Fellowships programs:			
Department of Health and Human Services:			
National Institute of Allergy and Infectious Diseases	93.855		167,674
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		49,740
National Institute of Deafness and Other Communication Disorders	93.173		43,591
National Institute on Drug Abuse	93.279		45,834
National Institute of Diabetes and Digestive and Kidney Diseases	93.847		66,102
National Institute of Mental Health	93.242		41,280
National Institute of General Medical Sciences	93.859		45,971
Total fellowships programs			460,192
Total expenditures of federal awards – research and development cluster			$ 84,599,467

See accompanying notes to schedule of expenditures of federal awards.

THE ROCKEFELLER UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2012 (the Schedule) presents expenditures of The Rockefeller University (the University) charged to federal awards programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Summary of Significant Accounting Policies for Federal Awards Expenditures

Expenditures for federal awards programs of the University are determined using the cost accounting principles and procedures set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

Expenditures include indirect costs, relating primarily to facilities operation and maintenance, and general and departmental administration services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Indirect costs allocated to such awards for the year ended June 30, 2012 were based on fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services.

(3) Summary of Indirect Costs

Indirect cost recoveries of the University for the year ended June 30, 2012 are summarized as follows:

Research and development	$	28,825,310
Research training and fellowships		76,197
	$	28,901,507

(Continued)

THE ROCKEFELLER UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(4) Subrecipients

Of the federal awards presented in the Schedule, the University provided awards to subrecipients as follows:

Program title	CFDA/ identifying number	Amount provided to subrecipients
National Center for Research Resources	93.389	$ 2,613,445
National Cancer Institute	93.393	602,888
National Heart, Lung, and Blood Institute	93.837	194,957
National Institute of Allergy and Infectious Diseases	93.855	634,491
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	329,627
National Institute on Drug Abuse	93.279	617,353
National Institute of General Medical Sciences	93.859	480,081
National Institute of Mental Health	93.242	1,299,002
National Institute of Neurological Disorders and Stroke	93.853	531,448
National Institute on Aging	93.866	101,568
National Science Foundation	47.074	5,416
Total		$ 7,410,276

KPMG LLP
345 Park Avenue
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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
The Rockefeller University:

We have audited the financial statements of The Rockefeller University (the University) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of trustees and management of the University, and federal awarding agencies and pass-through entities, which provided funding, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 1, 2012

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

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Trustees
The Rockefeller University:

Compliance

We have audited The Rockefeller University's (the University) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement,* that could have a direct and material effect on its major federal program for the year ended June 30, 2012. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, The Rockefeller University complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2012.

Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, federal awarding agencies, and pass-through entities, which provided funding, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 14, 2012

THE ROCKEFELLER UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

(1) Summary of Auditors' Results

(a) The type of report issued on the financial statements: **Unqualified opinion**

(b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**

Material weaknesses identified: **No**

(c) Noncompliance that is material to the financial statements: **No**

(d) Significant deficiencies in internal control over major federal programs: **None reported**

Material weaknesses: **No**

(e) The type of report issued on compliance for major program: **Unqualified opinion**

(f) Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **No**

(g) Major program: **Research and Development Cluster (various CFDA numbers)**

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$2,538,000**

(i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards – Research and Development

None