Financial Statements Together with
Report of Independent Certified Public Accountants

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.

For the year ended September 30, 2015, with summarized
comparative information for the year ended September 30, 2014

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
American Society for Technion-Israel Institute of Technology, Inc.

We have audited the accompanying financial statements of the American Society for Technion-Israel Institute of Technology, Inc. (the "Society"), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the American Society for Technion-Israel Institute of Technology, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Report on 2014 summarized comparative information

We have previously audited the Society's 2014 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2015. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
March 3, 2016

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.

Statement of Financial Position

As of September 30, 2015, with summarized comparative totals as of September 30, 2014

	2015	2014
ASSETS		
Cash	$ 2,111,392	$ 9,608,303
Investments - pooled (Note 3)	237,016,208	251,790,440
Investments - nonpooled (Note 4)	52,755,332	58,671,756
Contributions receivable, net (Note 7)	88,761,466	103,757,901
Beneficial interests in trusts (Note 8)	28,727,673	27,765,018
Other receivables (Note 9)	529,376	550,198
Cash surrender value of life insurance policies	2,357,217	2,044,466
Prepaid expenses and other assets	3,277,059	2,733,329
Loan receivable (Note 6)	47,925,200	49,126,099
Fixed assets, net (Note 10)	8,413,062	8,677,247
Total assets	$ 471,873,985	$ 514,724,757
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and other liabilities (Notes 8 and 14)	$ 7,021,410	$ 7,148,985
Loan payable (Note 12)	11,300,000	11,300,000
Transmissions payable	1,066,531	3,058,960
Annuity obligations (Note 8)	18,473,718	21,434,941
Total liabilities	37,861,659	42,942,886
Commitments and Contingencies (Note 15)		
NET ASSETS		
Unrestricted (Note 19)	9,023,449	23,245,573
Temporarily restricted (Note 19)	130,221,913	163,700,144
Permanently restricted (Note 19)	294,766,964	284,836,154
Total net assets	434,012,326	471,781,871
Total liabilities and net assets	$ 471,873,985	$ 514,724,757

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-ISRAEL INSTITUTE OF TECHNOLOGY, INC.

Statement of Activities

For the year ended September 30, 2015, with summarized comparative totals for the year ended September 30, 2014

	Unrestricted			Temporarily Restricted			Permanently	Total	Total
	General	Board Designated	Total	Special	Capital	Total	Restricted	2015	2014
OPERATING ACTIVITIES									
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT									
Contributions and special events	$ 3,606,428	$ -	$ 3,606,428	$ 48,288,625	$ 11,620,165	$ 59,908,790	$ 3,962,332	$ 67,477,550	$ 57,341,135
Less direct costs of special events	(41,331)	-	(41,331)	-	-	-	-	(41,331)	(32,304)
Legacies and bequests	6,768,285	-	6,768,285	2,159,410	999,136	3,158,546	2,817,537	12,744,368	14,198,590
Total public support (Note 13)	10,333,382	-	10,333,382	50,448,035	12,619,301	63,067,336	6,779,869	80,180,587	71,507,421
Investment income (loss) (Note 5)	(2,612,384)	25,065	(2,587,319)	(11,318,846)	(119,658)	(11,438,504)	-	(14,025,823)	19,327,446
Interest on loan receivable and other income	18,872	(12,847)	6,025	2,280,068	41,553	2,321,621	-	2,327,646	1,990,883
NET ASSETS RELEASED FROM RESTRICTIONS (Note 19)									
Satisfaction of program restrictions	72,140,912	(4,788,205)	67,352,707	(59,455,986)	(7,896,721)	(67,352,707)	-	-	-
Satisfaction of time restrictions	2,325,035	-	2,325,035	(2,111,347)	-	(2,111,347)	(213,688)	-	-
Total revenues, gains, losses and other support	82,205,817	(4,775,987)	77,429,830	(20,158,076)	4,644,475	(15,513,601)	6,566,181	68,482,410	92,825,750
EXPENSES									
Program services:									
Grants to Technicon-Israel Institute of Technology and other beneficiaries	67,374,583	4,788,205	72,162,788	-	-	-	-	72,162,788	55,311,709
Education and other programs	836,705	-	836,705	-	-	-	-	836,705	610,091
Total program services	68,211,288	4,788,205	72,999,493	-	-	-	-	72,999,493	55,921,800
Supporting services	18,652,461	-	18,652,461	1,272,644	331,577	1,604,221	-	20,256,682	26,239,562
Total operating expenses	86,863,749	4,788,205	91,651,954	1,272,644	331,577	1,604,221	-	93,256,175	82,161,362
NON-OPERATING ACTIVITIES									
Bad debt expense	-	-	-	12,995,780	-	12,995,780	-	12,995,780	-
Reclassification due to change in donor intent	-	-	-	3,364,629	-	3,364,629	(3,364,629)	-	-
Total expenses	86,863,749	4,788,205	91,651,954	17,633,053	331,577	17,964,630	(3,364,629)	106,251,955	82,161,362
Change in net assets	(4,657,932)	(9,564,192)	(14,222,124)	(37,791,129)	4,312,898	(33,478,231)	9,930,810	(37,769,545)	10,664,388
Net assets, beginning of year	13,681,381	9,564,192	23,245,573	156,831,945	6,868,199	163,700,144	284,836,154	471,781,871	461,117,483
Net assets, end of year	$ 9,023,449	$ -	$ 9,023,449	$ 119,040,816	$ 11,181,097	$ 130,221,913	$ 294,766,964	$ 434,012,326	$ 471,781,871

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Functional Expenses
For the year ended September 30, 2015, with summarized comparative totals for the year ended September 30, 2014

	Program Services			Supporting Services				
	Grants	Education and Other Programs	Total	Management and General	Fund Raising	Total	Total	2014
Grants to Technion-Israel Institute of Technology and other beneficiaries	$ 72,162,788	$ -	$ 72,162,788	$ -	$ -	$ -	$ 72,162,788	$ 55,311,709
Personnel costs:								
Payroll	-	419,570	419,570	2,985,843	6,847,988	9,833,831	10,253,401	9,558,555
Employee benefits	-	160,234	160,234	1,183,192	2,538,229	3,721,421	3,881,655	4,049,680
Total personnel costs	-	579,804	579,804	4,169,035	9,386,217	13,555,252	14,135,056	13,608,235
Other expenses:								
Occupancy (includes interest expense of $135,043)	-	2,421	2,421	287,588	702,286	989,874	992,295	917,346
Travel	-	-	-	332,268	535,921	868,189	868,189	762,131
Travel - Israeli speakers	-	185,835	185,835	-	95,733	95,733	281,568	269,189
Public relations, printing, awards and plaques	-	5,816	5,816	57,878	513,933	571,811	577,627	649,810
Telephone	-	-	-	53,989	182,306	236,295	236,295	219,316
Conference and meetings	-	36,959	36,959	25,152	226,365	251,517	288,476	354,577
Postage and shipping	-	3,270	3,270	18,301	104,039	122,340	125,610	141,556
Supplies (includes dues and subscriptions)	-	-	-	29,728	88,683	118,411	118,411	132,879
Equipment rental and maintenance	-	-	-	116,980	-	116,980	116,980	118,006
Professional fees	-	22,600	22,600	718,117	118,373	836,490	859,090	812,162
Insurance	-	-	-	227,901	-	227,901	227,901	214,795
Sightseeing, meals and speakers - campaign events	-	-	-	-	223,756	223,756	223,756	327,330
Bad debt expense	-	-	-	1,604,221	-	1,604,221	1,604,221	7,888,779
Other	-	-	-	9,867	14,535	24,402	24,402	23,919
Total personnel costs and other expenses before depreciation and amortization	-	836,705	836,705	7,651,025	12,192,147	19,843,172	20,679,877	26,440,030
Depreciation and amortization	-	-	-	189,138	224,372	413,510	413,510	409,623
Total personnel costs and other expenses	-	836,705	836,705	7,840,163	12,416,519	20,256,682	21,093,387	26,849,653
Total operating expenses	$ 72,162,788	$ 836,705	$ 72,999,493	$ 7,840,163	$ 12,416,519	$ 20,256,682	$ 93,256,175	$ 82,161,362

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Cash Flows
For the year ended September 30, 2015, with summarized comparative totals for the year ended September 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (37,769,545)	$ 10,664,388
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	413,510	409,623
Gain on sale of investments	(429,559)	(16,626,453)
Unrealized loss on investments	22,464,735	9,755
Actuarial loss (gain) on annuity obligations	589,919	(1,215,353)
Permanently restricted contributions	(6,779,869)	(8,390,196)
Contributions restricted for annuity agreements	(619,134)	(459,917)
Contributions restricted for beneficial interest in remainder trusts	(1,612,386)	(23,530)
Proceeds from beneficial interest in remainder trusts	666,602	140,470
Change in value of beneficial interest in remainder trusts	(16,871)	(1,613,011)
Decrease (increase) in assets:		
Funds held by Cornell University	-	1,727,384
Contributions receivable	14,996,435	6,480,873
Other receivables	20,822	17,555
Cash surrender value of life insurance policies	(312,751)	(65,063)
Prepaid expenses and other assets	(543,730)	30,972
Loan receivable	1,200,899	957,880
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other liabilities	(127,575)	(970,116)
Transmissions payable	(1,992,429)	1,630,373
Net cash used in operating activities	(9,850,927)	(7,294,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset acquisitions	(149,325)	(132,061)
Purchase of investments	(149,885,993)	(149,557,013)
Proceeds from sale of investments	148,541,473	152,068,930
Net cash provided by investing activities	(1,493,845)	2,379,856
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	6,779,869	8,390,196
Proceeds from contributions restricted for investment subject to annuity agreements	1,316,072	1,600,498
Payment of annuity obligations	(3,811,623)	(4,073,151)
Investment income subject to annuity agreements	(436,457)	3,148,168
Net cash provided by financing activities	3,847,861	9,065,711
Net change in cash	(7,496,911)	4,151,201
Cash, beginning of year	9,608,303	5,457,102
Cash, end of year	$ 2,111,392	$ 9,608,303
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 134,068	$ 132,949
Noncash items		
Interest on loan receivable	$ 1,932,212	$ 1,990,882
Grants to Technion-Israel Institute of Technology, Inc.	$ (1,932,212)	$ (1,990,882)

The accompanying notes are an integral part of these financial statements.

1. NATURE OF ORGANIZATION

The purpose as stated in the bylaws of American Society for Technion-Israel Institute of Technology, Inc. (the "Society") is to promote, encourage, aid and advance technological, scientific and industrial higher and secondary education, research and training in Israel and elsewhere. Its goal is to enable Technion-Israel Institute of Technology ("Technion") to be among the world's leading institutions and improve the well-being of Israel and all humanity through leadership in science and technology. The Society also provides other assistance to Technion.

The Society's primary source of revenue is contributions. The Society is based in New York City and operates a network of regional offices and chapters throughout the United States of America (U.S.).

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Society is subject to unrelated business income taxes as a result of certain investments in limited partnerships.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") applicable to not-for-profit entities.

Use of Estimates

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

Investments

Investments are recorded at fair value based upon market value. Fair value is 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. As required by U.S. GAAP for fair value measurement, the Society uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at the NAV at the statement of financial position date or in the near term, which is generally considered to be within 90 days.

Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV at the statement of financial position date or in the near term or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes "observable" requires significant judgment by the Society. The Society considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Society's perceived risk of that instrument.

Investments in marketable securities are stated at fair value based on quoted market prices. Refer to Notes 3 and 4 for marketable securities classified within the fair value hierarchy. State of Israel Bonds are generally stated at cost, which approximates fair value.

Alternative investments include investments in limited partnership funds (hedge funds and private equity of nonregistered funds). Alternative investment interests are stated at fair value based on financial statements and other information received from the funds. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals. The Society believes that the stated value of its alternative investments was a reasonable estimate of their fair value as of September 30, 2015. However, alternative investments are not readily marketable and many alternative investments have underlying investments which do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed. Such differences could be material to the valuation of some of the Society's alternative investments. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements. See Notes 3 and 4 for table which sets forth by level, within the fair value hierarchy, the assets at fair value.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility 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 Society's financial statements.

Split-interest Agreements

The Society's investments include funds subject to split-interest agreements. Contribution revenues for split-interest agreements are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present values of payments to beneficiaries of split-interest agreements are calculated using discount rates of 1.45% to 6%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities.

Other Receivables

Other receivables represents certain receipts relating to the current fiscal year which were received subsequent to the year end. It also includes a note receivable, which is discussed in Note 9.

Allowance for Doubtful Accounts

The Society determines whether an allowance for doubtful accounts should be provided for contributions receivable, other receivables, and loan receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

Fixed Assets

Fixed assets are reported at cost and depreciated on the straight-line method over their estimated useful lives. The Society's policy is to capitalize items with a cost of $500 or greater, and a useful life of greater than one year.

Transmissions Payable and Grants

Grants to Technion-Israel Institute of Technology and other beneficiary organizations are made pursuant to authorization of the Board of Directors of the Society.

Unrestricted, Temporarily Restricted, and Permanently Restricted Net Assets

Unrestricted net assets are those whose use by the Society has not been restricted by donors or time. Temporarily restricted net assets are those whose use by the Society has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Society in perpetuity.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates. Conditional promises to give are not included as support until the conditions are substantially met.

Investment Income

Investment income is reflected net of investment management fees and unrelated business income tax.

Functional Allocation of Expenses

The costs of providing the Society's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.

Measure of Operations

The statement of activities distinguishes between operating and non-operating activities. Operating activities include resources used for the general support of the Organization's operations. Non-operating activities include items considered to be of an unusual or of a non-recurring nature.

Income Taxes

The Society follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure and had no material impact on the accompanying financial statements. The Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The tax years ended 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Cash

The Society classifies deposits in banks and money market accounts with original maturities of three months or less as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments in the accompanying statements of financial position.

New Accounting Pronouncements

In May 2015, FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 exempts investments measured using the NAV practical expedient in ASC 820, Fair Value Measurement, from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the information required under ASC 820 for assets measured using the NAV practical expedient. Entities are also required to show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the consolidated financial statements. The guidance requires retrospective application and is effective for fiscal years beginning after October 1, 2017. Early adoption is permitted. The Society did not early adopt the new accounting pronouncement and does not believe it will have a material effect on the disclosures in the financial statements.

3. POOLED INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the pooled investments at fair value at September 30, 2015 and 2014. See Note 2 for a full description of the various levels. Included in the total pooled investment balance of $237,016,208 and $251,790,440 as of September 30, 2015 and 2014, respectively, are amounts due from fund managers totaling $549,553 and $25,782,716, respectively, for the proceeds from the liquidation of certain investment accounts, and funds held for investment of $8,000,000 and $1,000,000, respectively, representing cash disbursed to an investment fund not yet credited to the Society's account in the fund.

	2015			
	Level 1	Level 2	Level 3	Total
Cash, money market mutual funds, and CDs	$ 3,298,449	$ -	$ -	$ 3,298,449
Alternative investments	-	36,969,604	46,402,894	83,372,498
Stocks:				
Commodities and materials, industrial	1,945,811	-	-	1,945,811
Consumer staples/discretionary	7,118,295	-	-	7,118,295
Financial	7,595,068	-	-	7,595,068
Technology	6,533,746	-	-	6,533,746
Energy	669,026	-	-	669,026
Healthcare	2,358,672	-	-	2,358,672
Fixed income:				
High yield bonds	-	4,666,605	-	4,666,605
Other bonds	-	53,933	-	53,933
Exchange traded and index funds:				
U.S. and foreign equities	42,353,685	-	-	42,353,685
Commodities and natural resources	9,408,982	-	-	9,408,982
Bond market index fund	13,669,451	-	-	13,669,451
Mutual funds:				
U.S. and foreign equities	15,891,674	-	-	15,891,674
Fixed income	13,723,752	-	-	13,723,752
Municipal bonds	-	169,689	-	169,689
Total pooled investments, at fair value	$ 124,566,611	$ 41,859,831	$ 46,402,894	212,829,336
Due from fund managers (proceeds from recent account liquidations)				549,553
Funds held for investment				8,000,000
Time deposits, Israeli bonds and notes				15,637,319
Total pooled investments				$ 237,016,208

	2014			
	Level 1	Level 2	Level 3	Total
Cash, money market mutual funds, and CDs	$ 2,830,808	$ -	$ -	$ 2,830,808
Alternative investments	-	53,417,296	46,988,489	100,405,785
Stocks:				
Commodities and materials, industrial	2,121,074	-	-	2,121,074
Consumer staples/discretionary	9,331,608	-	-	9,331,608
Financial	7,788,704	-	-	7,788,704
Technology	4,718,655	-	-	4,718,655
Energy	1,387,209	-	-	1,387,209
Healthcare	2,154,222	-	-	2,154,222
Fixed income:				
High yield bonds	-	4,693,637	-	4,693,637
Other bonds	-	97,403	-	97,403
Exchange traded and index funds:				
U.S. and foreign equities	40,619,112	-	-	40,619,112
Commodities and natural resources	11,854,599	-	-	11,854,599
Mutual funds:				
U.S. and foreign equities	15,921,946	-	-	15,921,946
Fixed income	4,919,459	-	-	4,919,459
Municipal bonds	-	337,933	-	337,933
Total pooled investments, at fair value	$ 103,647,396	$ 58,546,269	$ 46,988,489	209,182,154
Due from fund managers (proceeds from recent account liquidations)				25,782,716
Funds held for investment				1,000,000
Time deposits, Israeli bonds and notes				15,825,570
Total pooled investments				$ 251,790,440

The Society has invested a total of $55 million with eight limited partnerships administered offshore as of September 30, 2015 and $57 million with nine limited limited partnerships administered offshore as of September 30, 2014. Of this amount, six limited partnership investments totaling $51 million and $52 million as of September 30, 2015 and 2014 , respectively, are managed in the United States.

The following table presents the Levels 2 and 3 alternative investments as of September 30, 2015 and 2014:

	2015			
	Fair Value	Number of Funds	Redemption Frequency	Redemption Notice Period
Hedge funds:				
International developed equity [(a)]	$ 19,244,415	1	Monthly	6 days
Flexible capital [(b)]	49,000,620	4	Annual/Quarterly	45-90 days
Emerging market equity [(d)]	3,634,735	1	Monthly	15 days
Private equity and venture capital partnerships [(f)]	11,492,728	9	Illiquid	N/A
	$ 83,372,498			

	2014				
		Fair Value	Number of Funds	Redemption Frequency	Redemption Notice Period
Hedge funds:					
International developed equity [a]	$	20,449,917	1	Monthly	6 days
Flexible capital [b]		48,339,217	4	Annual/Quarterly	45-90 days
Inflation hedging [c]		8,256,928	1	Monthly	9 days
Emerging market equity [d]		4,662,585	1	Monthly	15 days
Emerging market debt [e]		5,689,420	1	Daily	N/A
Private equity and venture capital partnerships [f]		13,007,718	9	Illiquid	N/A
	$	100,405,785			

(a) International developed equity: Investments in a value oriented hedge fund that seeks to outperform the MSCI EAFE Index. The fair value has been estimated using the net asset value per share of the investments as reported by the fund manager.

(b) Flexible capital: Investments in four multi-strategy hedge funds that invest in equities, fixed income, credit opportunities, special situations, merger arbitrage, etc., where value can be realized through a number of methods including restructuring and price corrections. Included in this strategy is an investment in a hedge fund that allows for quarterly redemptions with 90 days’ notice and a maximum redeemable amount equivalent to 25% of the investment value. The fair value has been estimated using the net asset value per share of the investments as reported by the fund managers.

(c) Inflation hedging: Investment in a commodities manager that seeks a more diverse commodity exposure than passive strategies. The fair value has been estimated using the net asset value per share of the investments as reported by the fund manager.

(d) Emerging market equity: Investment in an international equity manager that invests in both developed and emerging market equities. The fair value has been estimated using the net asset value per share of the investments as reported by the fund manager.

(e) Emerging market debt: Investment in a hedge fund that focuses on sovereign debt of emerging countries. The fair value has been estimated using the net asset value per share of the investments as reported by the fund manager.

(f) Private equity and venture capital partnerships: These are various private equity funds and venture capital partnerships which include Israeli energy and environmental sector focused investments, as well as various fund of funds investments. These are non-marketable and illiquid investments in closed-end private investment funds that have terms over ten years. The manager, or general partners of these investment funds, have full discretion to call capital from and distribute profits to the Society. These investments can never be redeemed within the funds and distributions are received when underlying assets of the funds are liquidated. The fair values of the investments in this class have been estimated using the net asset value of the Society’s ownership interest in partners’ capital.

The Society has subscription agreement commitments totaling $25.4 million in various hedge funds as of September 30, 2015 and 2014. In the event of nonpayment, the Society will be subject to penalties in the form of a reduction in its partnership interest or payment of interest. As of September 30, 2015 and 2014, the Society has paid a total of $24 million toward these commitments.

4. NONPOOLED INVESTMENTS

Nonpooled investments consist of investments held for charitable remainder trusts, charitable gift annuities and other specifically designated funds.

The following table sets forth by level, within the fair value hierarchy, the nonpooled investments at fair value at September 30, 2015 and 2014. See Note 2 for a full description of the various levels. Included in the total pooled investment balance of $58,671,756 as of September 30, 2014 are amounts due from fund managers totaling $1,844,593 for the proceeds from the liquidation of certain investment accounts. There were no amounts due from fund managers as of September 30, 2015.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash, money market mutual funds, and CDs	$ 154,925	$ -	$ -	$ 154,925
Alternative investments	-	1,376,207	2,809,810	4,186,017
Stocks:				
Consumer growth/staples/cyclical	4,498,193	-	-	4,498,193
Financial	3,816,652	-	-	3,816,652
Technology	2,583,295	-	-	2,583,295
Energy	974,659	-	-	974,659
Capital equipment	961,370	-	-	961,370
Industrial commodities	625,684	-	-	625,684
Utilities	669,392	-	-	669,392
Home building	654	-	-	654
Healthcare	118,052	-	-	118,052
Services	458,679	-	-	458,679
Fixed income:				
High yield bonds	-	833,224	-	833,224
Investment grade corporate bonds	1,999,786	-	-	1,999,786
Other fixed income	-	2,248,665	-	2,248,665
Mutual funds:				
Fixed income	7,653,230	-	-	7,653,230
Equities:				
International value	2,545,350	-	-	2,545,350
U.S. and foreign equities	5,048,785	-	-	5,048,785
Global REITS	263,101	-	-	263,101
U.S. agency notes and bonds				
U.S. Government obligations	5,761,469	-	-	5,761,469
Municipal bonds	-	312,631	-	312,631
Total Non-Pooled Investments, at fair value	$ 38,133,276	$ 4,770,727	$ 2,809,810	45,713,813
Time deposits, Israeli bonds and notes				7,041,519
Total Non-Pooled Investments				$ 52,755,332

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash, money market mutual funds, and CDs	$ 1,370,689	$ -	$ -	$ 1,370,689
Alternative investments	-	1,462,476	3,209,456	4,671,932
Stocks:				
Consumer growth/staples/cyclical	5,367,463	-	-	5,367,463
Financial	4,424,173	-	-	4,424,173
Technology	2,439,676	-	-	2,439,676
Energy	1,472,212	-	-	1,472,212
Capital equipment	811,064	-	-	811,064
Industrial commodities	591,912	-	-	591,912
Utilities	523,945	-	-	523,945
Home building	85,210	-	-	85,210
Healthcare	130,213	-	-	130,213
Services	149,183	-	-	149,183
Fixed income:				
High yield bonds	-	1,023,339	-	1,023,339
Other fixed income	-	21,236	-	21,236
Mutual funds:				
Fixed income	7,439,381	-	-	7,439,381
Equities:				
International value	3,007,220	-	-	3,007,220
U.S. and foreign equities	4,283,464	-	-	4,283,464
Global REITS	300,283	-	-	300,283
U.S. agency notes and bonds				
U.S. Government obligations	6,880,112	-	-	6,880,112
Investment grade corporate bonds	4,083,095	-	-	4,083,095
Commercial mortgage-backed	544,230	-	-	544,230
Asset-backed securities	45,576	-	-	45,576
Non-U.S. issuers	120,039	-	-	120,039
Total Non-Pooled Investments, at fair value	$ 44,069,140	$ 2,507,051	$ 3,209,456	49,785,647
Due from fund managers (proceeds from recent account liquidations)				1,844,593
Time deposits, Israeli bonds and notes				7,041,516
Total Non-Pooled Investments				$ 58,671,756

The following table presents the Levels 2 and 3 alternative investments as of September 30, 2015 and 2014:

	2015			
	Fair Value	Number of Funds	Redemption Frequency	Redemption Notice Period
Hedge funds:				
International developed equity [(a)]	$ 1,376,207	1	Monthly	6 days
Flexible capital [(b)]	2,809,810	1	Quarterly	90 days
	$ 4,186,017			

	2014			
	Fair Value	Number of Funds	Redemption Frequency	Redemption Notice Period
Hedge funds:				
International developed equity [(a)]	$ 1,462,476	1	Monthly	6 days
Flexible capital [(b)]	3,209,456	1	Quarterly	90 days
	$ 4,671,932			

[(a)] *International developed equity*: Investment in a value oriented hedge fund that seeks to outperform the MSCI EAFE Index. The fair value has been estimated using the net asset value per share of the investments as reported by the fund manager.

[(b)] *Flexible capital*: Investment in a credit oriented multi-strategy hedge fund that focuses on situations where value can be realized through a number of methods, including restructuring and price corrections. The investment can be redeemed quarterly with 90 days' notice and a maximum redemption equivalent to 25% of the investment value. The fair value has been estimated using the net asset value per share of the investments as reported by the fund managers.

5. INVESTMENT INCOME

	2015	2014
Interest and dividends	$ 8,030,362	$ 6,134,316
Gains (losses) on sales of investments	(1,594,039)	14,367,733
Unrealized losses on investments	(19,528,531)	(9,755)
Investment income (loss)	(13,092,208)	20,492,294
Unrelated business income tax	-	(10,450)
Investment management fees	(933,615)	(1,154,398)
Total investment income (loss), net	$ (14,025,823)	$ 19,327,446

Change in Level 3 Assets

The table below sets forth a summary of changes in fair value of Level 3 assets:

	2015	2014
Balance, beginning of year	$ 50,197,945	$ 37,424,698
Gains on sales of investments (net)	453,340	4,066,177
Unrealized loss on investments (net)	(5,283,958)	(1,642,640)
Purchases	27,581,039	21,190,027
Sales	(23,655,572)	(10,660,331)
Management fees	(80,090)	(179,986)
Balance, end of year	$ 49,212,704	$ 50,197,945
The amount of total gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$ (5,040,070)	$ (1,610,165)

6. LOAN RECEIVABLE

Effective September 30, 2010, the advances to Technion were converted to a 30-year loan receivable bearing an interest rate of 4% per annum. The interest is used to provide grants to Technion. The loan is collateralized by investments held at Technion. The principal is payable as a lump-sum payment on September 30, 2040, but prepayments are permitted. The loan may be renewed on or before September 30, 2040 upon the mutual consent of both the Society and Technion.

The loan was reduced by $1,200,899 and $957,880 from the amounts recovered from the Trustee for the Liquidation of Bernard Madoff Investments Securities LLC in 2015 and 2014, respectively, as described in Note 11.

7. CONTRIBUTIONS RECEIVABLE

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates ranging between 1.75% and 6%. The receivables at September 30, 2015 and 2014 were due as follows:

2015	
2016	$ 20,784,652
2017	19,476,518
2018	19,068,228
2019	13,905,288
2020	5,277,917
Thereafter	17,230,328
	95,742,931
Due as of September 30, 2015	7,939,871
	103,682,802
Less discount to present value	(7,021,574)
Present value of contributions receivable	96,661,228
Less allowance for doubtful accounts	(7,899,762)
Present value of contributions receivable - net of allowance for doubtful accounts	$ 88,761,466

2014	
2015	$ 16,710,129
2016	18,723,702
2017	19,149,282
2018	23,113,483
2019	16,551,059
Thereafter	34,095,521
	128,343,176
Due as of September 30, 2014	12,248,651
	140,591,827
Less discount to present value	(13,240,027)
Present value of contributions receivable	127,351,800
Less allowance for doubtful accounts	(23,593,899)
Present value of contributions receivable - net of allowance for doubtful accounts	$ 103,757,901

8. SPLIT-INTEREST AGREEMENTS

The Society is a beneficiary under certain split-interest agreements in which the donor has established a charitable remainder unitrust, annuity trust or charitable gift annuity with specified distributions to be made over the term of the trust to the donor and/or other beneficiaries. The Society manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount and other changes in the estimates of future payments. The discount rate used to value new split-interest agreements ranged from 1.45% to 3%. The Society's liabilities under split-interest agreements were classified as Level 3 within the fair value hierarchy as required by U.S. GAAP for fair value measurement (see Note 2). The following tables summarize the changes in the Society's Level 3 liabilities under split-interest agreements for the years ended September 30, 2015 and 2014:

	Annuity Obligations	
	2015	**2014**
Balance, beginning of year	$ 21,434,941	$ 22,434,696
New agreements	1,316,072	1,140,580
Payments to annuitants	(3,811,623)	(4,073,151)
Terminated contracts	(1,672,595)	(1,231,244)
Change in value due to actuarial valuations	1,206,923	3,164,060
Balance, end of year	$ 18,473,718	$ 21,434,941

The investments in split-interest agreements are included in nonpooled investments in the statement of financial position and are summarized within the fair value hierarchy (see Note 2) included with the nonpooled investments (Note 4).

The Society is a trustee and the beneficiary of a charitable remainder unitrust that also benefits a third party. Included in accounts payable, accrued expenses and other liabilities is $848,804 and $900,424 representing the liability owed to the third party as of September 30, 2015 and 2014, respectively.

The Society is also the beneficiary of various split-interest agreements that are held and administered by others. When the Society is not the trustee, the beneficial interest in the trust is recorded at the fair value of the assets at the statement of financial position date less the present value of estimated future payments expected to be made to donors and/or other beneficiaries.

The Society's assets of trusts and other split-interest agreements held by others are classified as Level 3 within the fair value hierarchy. The following tables summarize the changes in the Society's Level 3 assets of trusts and other split-interest agreements held by others for the years ended September 30, 2015 and 2014:

	Beneficial Interests in Trusts	
	2015	**2014**
Balance, beginning of year	$ 27,765,018	$ 26,268,947
New agreements	1,612,386	23,530
Terminated agreements	(666,602)	(140,470)
Change in value of trust assets	16,871	1,613,011
Balance, end of year	$ 28,727,673	$ 27,765,018

The assets of the split-interest agreements are allocated to the unrestricted, temporarily restricted and permanently restricted net asset classes as follows:

	2015	**2014**
Unrestricted	$ 3,104,205	$ 4,822,396
Temporarily restricted	26,122,217	24,636,543
Permanently restricted	11,351,619	11,853,453
	$ 40,578,041	$ 41,312,392

9. OTHER RECEIVABLES

Included in other receivables is a promissory note that benefits the Society in the original amount of $450,000. The principal and interest of 6.25% is payable monthly in equal installments and the entire unpaid principal is payable on September 20, 2021 with a balloon payment of $292,958 due at that time. The note is collateralized by a mortgage on a property located in Florida.

10. FIXED ASSETS

	2015				2014			
	Cost	Accumulated Depreciation	Net	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Estimated Useful Lives
Office condominium	$ 9,801,289	$ 3,624,435	$ 6,176,854	40 years	$ 9,801,289	$ 3,379,402	$ 6,421,887	40 years
Office condominium improvements	3,008,522	1,087,219	1,921,303	35 - 40 years	3,008,522	1,011,001	1,997,521	35 - 40 years
Furniture and equipment	3,770,796	3,455,891	314,905	3 - 7 years	3,621,471	3,363,632	257,839	3 - 7 years
	$ 16,580,607	$ 8,167,545	$ 8,413,062		$ 16,431,282	$ 7,754,035	$ 8,677,247	

The office condominium and related improvements house the national office of the Society located in New York City.

11. RECOVERY OF PREVIOUSLY IMPAIRED ASSET

The United States Bankruptcy Court for the Southern District of New York has granted the motions of the Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC for an Order Approving the Allocation of Property to the Fund of Customer Property and Authorizing Interim Distributions to Customers. The Society received a distribution of $1,251,849 and $998,520 during the years ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and 2014, the Society has received partial distributions of $16,214,275 and $14,962,526, respectively, which represents 51.638% and 47.651% of its allowed claim of $31,400,000.

As agreed between the Society and Technion, the Society will reduce the amount of the loan due from Technion equal to the amount recovered from the Trustee of the Liquidation of Bernard L. Madoff Investment Securities LLC, excluding amount allocated to the Sam Neaman Fund. (See Note 6)

The Society received a distribution of $2,594,268 in December 2015 from the Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC.

12. LOAN PAYABLE

The Society obtained an $11.3 million term loan from Citibank N.A. on November 21, 2011 to fund the retirement of its outstanding tax-exempt bonds issued through the Industrial Development Agency of New York (“IDA”). Proceeds from the IDA bond issue were used to finance the acquisition and renovation of its principal office building at 55 East 59th Street, New York, New York.

The Society is required to pay interest only on the loan until the maturity date which is November 30, 2016. There is no penalty for early repayment of the loan. Interest on the loan which is based on Libor (Daily reset) plus 1% is payable monthly, which was 1.11% at September 30, 2015 and 1.05% at September 30, 2014. Interest expense was $135,043 in 2015 and $132,948 in 2014.

The loan is collateralized by certain investments of the Society.

13. CAMPAIGN (UNAUDITED)

For purposes of measuring performance against a long-range plan, the Society accounts for its campaign revenues for internal reports without discounting gifts to their present value and without excluding bequest and non-binding receivables (Note 18), which is not in accordance with U.S. GAAP.

The following is a summary of differences between the internal reports and the financial statements (unaudited):

	2015		2014	
Total campaign (for internal purposes)		$ 148,378,207		$ 70,874,148
Direct payments to Technion *		(3,942,458)		(3,895,831)
Discount:				
Recapture of prior years' discount	$ 10,012,721		$ 7,172,886	
Current year's discount	(2,456,332)	7,556,389	(4,674,787)	2,498,099
Bequest receivables and non-binding pledges:				
New bequest receivables and non-binding pledges	(89,962,763)		(11,903,217)	
Payment on bequest receivables and non-binding pledges	22,262,687	(67,700,076)	15,096,909	3,193,692
Recognition of cash surrender value of insurance policies		133,436		65,064
Special events income (net of direct costs of $ 41,331)		3,169		2,496
Trust portion allocated to public support:				
Investment income	(436,457)	-	2,842,904	-
Payments to annuitants	(3,811,623)	(4,248,080)	(4,073,151)	(1,230,247)
Total public support (Statement of Activities)		$ 80,180,587		$ 71,507,421

* Direct payments to Technion are gifts from U.S. donors that are negotiated by the Society. Expenses incurred by the Society in obtaining these gifts are included in the total supporting services.

14. RETIREMENT PLAN AND POSTRETIREMENT MEDICAL BENEFITS

The Society has a defined contribution retirement plan covering all eligible employees. The plan is managed by TIAA-CREF. Contributions by the Society are determined to be 9% of eligible employees' salaries for the first five years in the plan. The Society increases the contributions as allowed by law by one percentage point for each subsequent year, but not to exceed 12%. The Society has a supplemental defined contribution retirement plan whereby it contributes 4% of certain executive salaries. Covered employees are entitled to the proceeds only upon retirement. The Society also has a deferred compensation arrangement for one of its executives, and the amounts of $2,054,483 and $1,902,929 as of September 30, 2015 and 2014, respectively, are kept in a rabbi trust, held within non-pooled investments with a corresponding liability within accounts payable, accrued expenses and other liabilities.

The expense for the year relating to these plans was $1,116,535 in 2015 and $1,145,996 in 2014.

Effective October 1, 2004, the Society adopted a policy to provide postretirement medical benefits (Medigap coverage) to certain qualified employees in addition to the existing policy that benefits an executive employee. The Society also provides additional postretirement benefits to an executive employee in the form of long-term care coverage.

The following table sets forth the plan's funded status and amounts recognized in accounts payable and accrued expenses on the statement of financial position at September 30, 2015 and 2014.

	2015	2014
Projected benefit obligation at September 30	$ (2,114,692)	$ (2,221,877)
Fair value of plan assets	-	-
Funded status	$ (2,114,692)	$ (2,221,877)
Accrued benefit costs recognized in the balance sheet	$ 2,114,692	$ 2,221,877
Weighted average assumptions as of September 30:		
Discount rate	4.32 %	4.25 %
Expected return on plan assets	N/A	N/A
Benefit cost	$ 123,752	$ 131,828

The expense computation assumes future medical cost inflation of 5% per year. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate: increasing the assumed health care cost trend by 1% point in each year would increase the accumulated postretirement benefit obligation by $467,156.

15. COMMITMENT AND CONTINGENCIES

The Society leases its regional offices under various operating leases. The rent expense incurred for the years ended September 30, 2015 and 2014 was $390,930 and $361,425, respectively, exclusive of rent tax and rubbish removal. The leases terminate on various dates through December 2020. The Society also has employment agreements with certain key employees that extend through February 2017. The estimated minimum lease and employment commitments are as follows:

2016	$ 1,058,736
2017	801,300
2018	217,304
2019	215,424
2020	48,015
	$ 2,340,779

In the normal course of its operations, the Society is a party to various legal proceedings and complaints. While it is not feasible to predict the ultimate outcomes of such matters, management of the Society is not aware of any claims or contingencies that would have a material adverse effect on the Society's financial position, change in net assets or cash flows.

16. CHARGES TO OFFSET FUND-RAISING COSTS

A charge was placed on cash received from permitted restricted and endowment contributions based upon a percentage agreed to by the donors. The charge is reflected in unrestricted support. The total charges for the year-ended September 30, 2015 and 2014 were $2,826,818 and $2,920,842, respectively.

The Society also received trust and annuity gifts which are not subject to any charges until the contracts are terminated.

17. CONCENTRATIONS

Financial instruments which potentially subject the Society to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

Total contributions receivable at September 30, 2015 and 2014 include $73,369,229 and $110,752,977, respectively, from fifteen and eighteen donors, respectively. The current discounted value of these contributions receivable is $63,045,895 and $99,574,568.

Total contribution revenue for the year ended September 30, 2015 and 2014 include $32,000,000 and $18,136,456, respectively, from five and three donors, respectively.

18. BEQUEST RECEIVABLES

The Society obtains gifts whereby a donor makes a gift agreement with payment to be made from the donor's estate. There are contingencies as to the collectability of the receivables. The total amount receivable from bequests of $260,702,483 (unaudited) is not reflected as an asset on the financial statements. During the years ended September 30, 2015 and 2014, $3,801,124 and $9,753,344, respectively, was collected from bequests and recorded as contributions in the financial statements.

19. NET ASSETS

Interpretation of Relevant Law

The Board of Directors of the Society has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Society is now governed by the NYPMIFA spending policy, which establishes a maximum spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The primary objective of the endowment is to preserve the purchasing power of its assets, while providing a continuing and stable funding source to support the current and future mission of the Society. The Society seeks to generate a total return that will exceed its operating expenses and distribution requirements, as well as all expenses associated with managing the Society and the eroding effects of inflation, with the excess above and beyond the amount approved for expenditure or distribution reinvested in the Society.

The Society has a long term investment horizon with relatively moderate liquidity needs and therefore can tolerate short and intermediate term volatility provided that long-term returns meet or exceed its investment objective. A portion of the endowment may be invested in asset classes and investment strategies with a higher risk-return profile, as appropriate.

During each fiscal year, the Society is permitted to spend interest and dividend income plus realized capital gains from the endowment's investments up to the 7% spending rate.

Endowment Net Asset Composition by Type of Fund as of September 30, 2015 and 2014

Permanently restricted net assets are restricted to:

Investment in perpetuity, the income and appreciation from which are expendable to support the following:

	2015	2014
Education	$ 264,068,125	$ 252,863,449
Research	30,698,839	31,972,705
	$ 294,766,964	$ 284,836,154

Changes in endowment net assets for the years ended September 30, 2015 and 2014:

		2015			2014		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 23,219,895	$ 284,836,154	$ 308,056,049	$ 20,731,932	$ 279,259,847	$ 299,991,779
Interest and dividends	-	6,699,896	-	6,699,896	7,224,866	-	7,224,866
Unrealized and realized gains	(5,810,556)	(13,118,258)	-	(18,928,814)	12,486,794	-	12,486,794
Contributions	-	-	6,688,648	6,688,648	-	5,802,178	5,802,178
Present value discount/appreciation of contributions receivable	-	-	379,368	379,368	-	885,856	885,856
Change in value of beneficial interest in remainder trusts	-	-	(288,147)	(288,147)	97,055	1,702,162	1,799,217
Appropriation for expenses/satisfaction of program restrictions	-	(7,260,575)	(213,688)	(7,474,263)	(17,320,752)	(2,500,000)	(19,820,752)
Reclassification due to change in donor intent	-	-	3,364,629	3,364,629	-	(313,889)	(313,889)
Endowment net assets, at end of year	$ (5,810,556)	$ 9,540,958	$ 294,766,964	$ 298,497,366	$ 23,219,895	$ 284,836,154	$ 308,056,049

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration due to unfavorable market fluctuations. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $ 5,810,556 as of September 30, 2015. There were no such deficiencies as of September 30, 2014.

Unrestricted Net Assets

Unrestricted net assets are composed of the following:

	2015	2014
Available for operations	$ 14,834,005	$ 23,245,573
Underwater endowments	(5,810,556)	-
Total unrestricted, net of funds with deficiencies	$ 9,023,449	$ 23,245,573

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2015	2014
Education	$ 54,950,764	$ 72,731,381
Research	39,142,461	60,577,256
Capital projects	11,181,096	6,868,199
Time restrictions	24,947,592	23,523,308
	$ 130,221,913	$ 163,700,144

Temporarily and permanently restricted net assets were released from donor restrictions by incurring expenditures satisfying the following temporarily restricted purposes or by occurrence of other events specified by donors.

	2015	2014
Purpose restriction accomplished:		
Education	$ 39,718,570	$ 31,035,965
Research	19,737,416	12,647,508
Capital projects	7,896,721	14,092,933
	$ 67,352,707	$ 57,776,406
Time restrictions	$ 2,325,035	$ 244,118

20. DEFERRED GIFTS

The Society categorizes its fund raising for internal planning purposes into current and deferred gifts. Deferred gifts represent donations the Society receives which are temporarily restricted until satisfaction of a time restriction is realized. These gifts include trusts, annuities and bequests receivable.

A summarization of the activity for the satisfaction of time restrictions and realization of bequests receivable payments is as follows:

	2015	2014
Maturation of trust agreements	$ 2,402,811	$ 829,985
Payments from bequests receivables	3,801,124	9,753,344
	$ 6,203,935	$ 10,583,329

21. SUBSEQUENT EVENTS

The Society evaluated its September 30, 2015 financial statements for subsequent events through March 3, 2016, the date the financial statements were available to be issued, and is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.