Independent Auditors' Reports as Required by Title 2 *U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards and Related Information

NEW YORK INSTITUTE OF TECHNOLOGY

August 31, 2016 and 2015

NEW YORK INSTITUTE OF TECHNOLOGY

TABLE OF CONTENTS

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
New York Institute of Technology:

Report on the financial statements

We have audited the accompanying consolidated financial statements of New York Institute of Technology and subsidiary (collectively, the "College" or "NYIT"), which comprise the consolidated statements of financial position as of August 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statements of financial position of New York Institute of Technology and subsidiary as of August 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 22, 2016, on our consideration of the College'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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Grant Thornton LLP

Melville, New York
December 22, 2016

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statements of Financial Position
As of August 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 54,464,481	$ 36,144,306
Grants receivable	4,128,749	15,909,092
Student accounts receivable, net of allowance of $13,993,599 and $13,474,004	4,243,044	3,914,121
Student loans receivable, net of allowance of $681,507 and $709,012	11,300,968	11,435,688
Contributions receivable, net	1,483,706	1,813,043
Investments, at fair value	70,992,489	68,660,522
Investments in real estate, at fair value	30,870,250	31,234,000
Other assets	3,907,761	4,355,355
Funds held in trust	157,301	7,782,386
Property, plant and equipment, net	140,408,546	142,607,163
Total assets	$ 321,957,295	$ 323,855,676
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 35,704,066	$ 37,018,806
Deferred revenues	59,711,918	57,007,614
Refundable grants and U.S. Government loan funds	16,363,284	16,427,419
Postretirement health benefits	9,587,068	9,582,367
Bonds payable	47,037,500	60,348,755
Total liabilities	168,403,836	180,384,961
NET ASSETS		
Unrestricted	146,458,886	136,724,998
Temporarily restricted	4,278,019	4,311,006
Permanently restricted	2,816,554	2,434,711
Total net assets	153,553,459	143,470,715
Total liabilities and net assets	$ 321,957,295	$ 323,855,676

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

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statement of Activities
For the year ended August 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 277,514,120	$ -	$ -	$ 277,514,120
Less: Scholarships and fellowships	(47,141,167)	-	-	(47,141,167)
Net tuition and fees	230,372,953	-	-	230,372,953
Grants and contracts	3,024,104	-	-	3,024,104
Government appropriations	813,066	-	-	813,066
Contributions	1,064,420	379,540	297,426	1,741,386
Educational activities	3,194,243	-	-	3,194,243
Other sources	6,470,877	-	-	6,470,877
Sales and services of auxiliaries	16,749,949	-	-	16,749,949
Investment gain, net	2,044,308	158,494	-	2,202,802
Net assets released from restrictions	486,604	(486,604)	-	-
Total operating revenues	264,220,524	51,430	297,426	264,569,380
OPERATING EXPENSES				
Instruction	109,146,689	-	-	109,146,689
Research, training and public service	12,619,203	-	-	12,619,203
Academic support	17,153,423	-	-	17,153,423
Student services	27,243,208	-	-	27,243,208
Auxiliary enterprises	19,246,460	-	-	19,246,460
Total program services	185,408,983	-	-	185,408,983
Supporting services - institutional support	64,236,112	-	-	64,236,112
Total operating expenses	249,645,095	-	-	249,645,095
Change in net assets from operations	14,575,429	51,430	297,426	14,924,285
NON-OPERATING ACTIVITIES				
Unrealized loss on investments in real estate	(363,750)	-	-	(363,750)
Reclassification of donor intent	-	(84,417)	84,417	-
Loss on bond refinancing	(2,644,525)	-	-	(2,644,525)
Postretirement changes other than net periodic benefit costs	(1,833,266)	-	-	(1,833,266)
Change in net assets from non-operating activities	(4,841,541)	(84,417)	84,417	(4,841,541)
Change in net assets	9,733,888	(32,987)	381,843	10,082,744
NET ASSETS				
Beginning of year	136,724,998	4,311,006	2,434,711	143,470,715
End of year	$ 146,458,886	$ 4,278,019	$ 2,816,554	$ 153,553,459

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

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statement of Activities
For the year ended August 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 264,688,962	$ -	$ -	$ 264,688,962
Less: Scholarships and fellowships	(44,344,097)	-	-	(44,344,097)
Net tuition and fees	220,344,865	-	-	220,344,865
Grants and contracts	3,777,115	-	-	3,777,115
Government appropriations	652,702	-	-	652,702
Contributions	786,005	19,117	168,824	973,946
Educational activities	2,543,344	-	-	2,543,344
Other sources	9,898,422	-	-	9,898,422
Sales and services of auxiliaries	18,517,167	-	-	18,517,167
Investment loss, net	(2,471,235)	(119,520)	-	(2,590,755)
Net assets released from restrictions	587,820	(587,820)	-	-
Total operating revenues	254,636,205	(688,223)	168,824	254,116,806
OPERATING EXPENSES				
Instruction	102,610,413	-	-	102,610,413
Research, training and public service	11,970,287	-	-	11,970,287
Academic support	16,067,186	-	-	16,067,186
Student services	24,112,308	-	-	24,112,308
Auxiliary enterprises	17,739,585	-	-	17,739,585
Total program services	172,499,779	-	-	172,499,779
Supporting services - institutional support	62,158,578	-	-	62,158,578
Total operating expenses	234,658,357	-	-	234,658,357
Change in net assets from operations	19,977,848	(688,223)	168,824	19,458,449
NON-OPERATING ACTIVITIES				
Unrealized gain on investments in real estate	1,261,000	-	-	1,261,000
Reclassification of donor intent	-	(140,000)	140,000	-
Postretirement changes other than net periodic benefit costs	(1,572,945)	-	-	(1,572,945)
Change in net assets from non-operating activities	(311,945)	(140,000)	140,000	(311,945)
Change in net assets	19,665,903	(828,223)	308,824	19,146,504
NET ASSETS				
Beginning of year	117,059,095	5,139,229	2,125,887	124,324,211
End of year	$ 136,724,998	$ 4,311,006	$ 2,434,711	$ 143,470,715

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

NEW YORK INSTITUTE OF TECHNOLOGY
Consolidated Statements of Cash Flows
For the years ended August 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 10,082,744	$ 19,146,504
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,873,070	14,144,626
Amortization of bond issuance costs	384,568	1,070,483
Accretion expense	267,149	359,167
Net unrealized loss (gain) on investments in real estate	363,750	(1,261,000)
(Gain) loss on investments	(2,202,802)	2,590,755
Permanently restricted contributions	(297,426)	(168,824)
Post-retirement health benefits, net	4,701	256,482
Change in provision for student accounts receivable	519,595	1,475,561
Change in provision on student loans receivable	(27,505)	(26,763)
Change in operating assets and liabilities:		
Student accounts receivable	(848,518)	748,882
Grants receivable	11,780,343	(9,804,889)
Contributions receivable	329,337	575,482
Other assets	504,538	804,726
Accounts payable and accrued liabilities	(5,991,520)	(10,912,433)
Deferred revenues	2,704,304	(1,072,260)
Net cash provided by operating activities	33,446,328	17,926,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(54,309,655)	(84,502,823)
Sales of investments	54,123,546	83,574,982
Purchases of property, plant and equipment	(9,433,145)	(11,168,323)
Change in funds held in trust	7,625,085	8,050,160
Loans to students	(1,337,384)	(1,597,315)
Repayments of student loans	1,499,609	1,612,126
Net cash used in investing activities	(1,831,944)	(4,031,193)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal indebtedness	(60,565,000)	(13,825,434)
Proceeds from bond issuance	47,910,000	-
Payment of bond issuance costs	(872,500)	-
Additions to permanently restricted endowments	297,426	168,824
Net change in refundable grants and U.S. Government loan funds	(64,135)	1,129,021
Net cash used in financing activities	(13,294,209)	(12,527,589)
Net increase in cash and cash equivalents	18,320,175	1,367,717
Cash and cash equivalents - beginning of year	36,144,306	34,776,589
Cash and cash equivalents - end of year	$ 54,464,481	$ 36,144,306
Supplemental disclosure of cash flow information and noncash investing and financing activities:		
Cash paid for interest	$ 3,060,537	$ 3,403,753
Noncash investing and financing transactions:		
Property, plant and equipment included within accounts payable and accrued expenses	$ 4,241,308	$ 666,844

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

1. ORGANIZATION

New York Institute of Technology (the "College") is an independent, private college offering a variety of undergraduate, graduate and doctoral degrees. The College operates two primary campuses located in Old Westbury and Manhattan, New York, with additional programs in several foreign countries. The College's distance learning capabilities add a virtual campus that is international in scope. The College's schools - School of Health Professions; School of Architecture and Design; College of Arts and Sciences; School of Education; School of Engineering and Computing Science; School of Management; and the NYIT College of Osteopathic Medicine offer career-oriented education in more than 80 programs using hands-on access to state-of-the-art technology in those fields. The College is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

As of August 31, 2016 and 2015, the College operates academic programs at four locations outside the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the College are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of the College and its wholly owned subsidiary, Wheatley Advertising, Inc. All intercompany transactions and balances have been eliminated in consolidation. Wheatley Advertising, Inc. conducts public relations and performs advertising services for the College.

Net Assets

The net assets of the College and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees or may be limited by contractual agreements with outside parties.

Temporarily Restricted - Net assets which include resources that have been limited by donor-imposed stipulations that expire with the passage of time and/or can be fulfilled and removed by the actions of the College pursuant to those stipulations are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that stipulate that the original contribution be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets for either a specific purpose or the general use of the College.

Cash and Cash Equivalents

The College considers all highly liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash and cash equivalents do not include cash held for long-term investing purposes.

Funds Held in Trust

At August 31, 2016 and 2015, the College had $157,301 and $7,782,386, respectively, invested in short-term, highly liquid investments that are classified as Level 1 within the fair value hierarchy. The 2016 investments were available to cover residual issuance costs of the Dormitory Authority of the State of New York ("DASNY") Series 2016A bonds. The 2015 investments were primarily utilized as part of the debt service reserve requirements for the College's Nassau IDA and Suffolk IDA bonds.

Investments

Investments in equity and debt securities are stated at fair value based upon quoted market prices in the consolidated statements of financial position. Purchases and sales of securities are reflected on a trade date basis. Interest is recognized as earned. Dividends are accrued based on the ex-dividend date. Interest and dividend income and unrealized and realized gains and losses on investments are recorded in the caption investment gain (loss) within the accompanying consolidated statements of activities. Realized gains and losses are determined on an average cost basis.

Fair value for certain limited partnerships and hedge funds are estimated by the respective external investment managers if market values are not readily ascertainable. For those investments that do not have readily determinable fair values, their estimated value may differ from the value that would have been used had a ready market for such investment existed. Investments in limited partnerships and hedge funds are carried at fair value which represents the College's share of the net assets of these investments at the end of the College's fiscal year. The College records its share of the net income or loss for the accounting period in proportion to its participating percentage in each investment.

All 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 such changes could materially affect the amounts reported in the consolidated statements of financial position.

Investments in Real Estate

Investments in real estate consist of unimproved land and properties not used primarily for academic purposes and available for future sale. Due to the inherent uncertainty of real estate valuations, the appraised values reflected in the consolidated financial statements may differ significantly from values that would be determined by negotiation between parties to a sales transaction, resulting in differences that could be material. Key assumptions used in valuing the appraisals include primarily a comparable sales approach, with one property also considering a sell-out analysis with growth rate, expenses and discount rate. For the year ended August 31, 2016, the College recorded net depreciation of ($363,750) on investments in real estate. For the year ended August 31, 2015 the College recorded a net appreciation of $1,261,000 on investments in real estate. The investments are classified as Level 3 under the fair value hierarchy given the unobservable inputs that are supported by limited or no market activity during fiscal 2016 or 2015. There were no purchases or sales during fiscal 2016 or 2015.

Grants Receivable

Grants are reported as revenue when expenses are incurred in accordance with the terms of the respective agreements. Amounts received in advance are recorded as refundable grant liabilities.

Student Receivables and Allowance for Doubtful Accounts

Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Recoveries of student accounts and loans receivable previously written off are recognized as revenue when received.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are met in the same reporting period are reported as increases in unrestricted net assets. Conditional contributions are recognized as revenues when the conditions on which they depend have been substantially met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Contributions to be received after one year are discounted based upon a credit adjusted interest rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based on historical collection experience, an assessment of the creditworthiness of the respective donor and nature of fundraising activity. Receivables are written-off in the period in which they are deemed uncollectible and payments received subsequently are recorded as income in the period received.

Contributed property, plant and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property, plant and equipment are recorded as unrestricted support.

Property, Plant and Equipment, net

Property, plant and equipment consisting of land; buildings and leasehold improvements; machinery, equipment, furniture and software; and library books are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method based on estimated useful lives of 20 to 40 years for buildings; the lesser of 10 to 20 years or the remaining estimated useful life of the term of the lease for leasehold improvements; 5 to 10 years for machinery, equipment, furniture and software, and up to 9 years for library books.

The College capitalizes certain computer software costs which, upon being placed into service, are amortized utilizing the straight-line method over periods not exceeding ten years. Amortization of capitalized software is included in depreciation expense. Upon disposal, the asset cost and related accumulated depreciation or amortization are eliminated from the respective accounts and resulting gain or loss, if any, is included in the consolidated statements of activities.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Impairment losses would be recognized if the carrying amount of the asset exceeds the undiscounted future cash flows expected to result from the use of the asset and its eventual disposal. The College believes that no impairment exists at August 31, 2016 and 2015.

Deferred Revenues

The College derives its revenue primarily from student tuition and fees. Revenue is recorded on the accrual basis of accounting. Deferred revenues primarily represent payments received from students relating to registrations for the following fall semester. Such amounts are recognized as revenue during the subsequent fiscal year.

Refundable U.S. Government Grants

Funds provided by the Federal government under the Federal Perkins Student Loan program are loaned to qualified students and may be re-loaned after collection. These funds are ultimately refundable to the government and are recorded within the accompanying statements of financial position as a liability.

Asset Retirement Obligation

The College recognizes the cost associated with the eventual remediation and abatement of asbestos located within its facilities. The cost of the abatement is based upon the estimate of a contractor who specializes in such abatements. The College recognized accretion expense relating to these obligations of $267,149 and $359,167 for the years ended August 31, 2016 and 2015, respectively. The obligation amounted to $8,272,492 and $8,005,343 at August 31, 2016 and 2015, respectively, and is included within the caption accounts payable and accrued liabilities in the accompanying consolidated statements of financial position. The conditional asset retirement obligation was calculated using an inflationary rate of 3.0% and a credit adjusted discount rate of 5.3% for each of the years ended August 31, 2016 and 2015, respectively.

Tuition and Fees Revenue

Tuition and fees revenue, net of scholarships and fellowships, is recognized in the fiscal years in which the educational programs are provided.

Scholarships, Tuition Grants and Aid

The College maintains a policy of offering qualified applicants admission to the College without regard to financial circumstances. The College provides institutional financial aid to those admitted on the basis of merit or need in the form of direct grants or employment during the academic year. The College participates in certain student loan and grant programs. Under some of these programs, the College is required to make matching contributions of funds at contractual percentage rates.

Allocation of Expenses

Certain expenses of the College that relate to more than one activity were allocated among the respective functions. Allocated costs are predominantly related to the operations of the physical campus, and therefore are allocated on a square footage basis by location, if appropriate, or across all College spaces.

For the fiscal years ended August 31, 2016 and 2015, the types and amounts of allocated expenses were as follows:

	2016	2015
Operation and maintenance of plant	$ 24,462,721	$ 19,655,445
Depreciation and amortization	16,257,638	15,183,284
Interest expense on bonds	2,895,715	2,848,748
	$ 43,616,074	$ 37,687,477

Advertising Expense

The College expenses all advertising costs during the year in which they are incurred. Total advertising expense for the years ended August 31, 2016 and 2015 totaled $2,156,167 and $2,132,751 respectively, and are included as institutional support in the accompanying consolidated statements of activities.

Measure of Operations

The consolidated statements of activities distinguish between operating and non-operating activities. Operating activities to carry out the mission of the College include all revenues and expenses that are an integral part of the College's educational programs, supporting activities and gains and losses on sale or disposal of plant and equipment. Non-operating activities include unrealized gains (losses) on investments in real estate, reclassification of donor intent, loss on bond refinancing and changes to the postretirement health benefit liability other than net periodic benefit costs. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of non-operating activities.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value accounting establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the College for financial instruments on a recurring basis. The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same terms of the assets or liabilities.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

A reasonable estimate of the fair value of the loans receivable from students under government loan programs cannot be made because the loans receivable are not saleable and can only be assigned to the U.S. Government or its designees.

The carrying amount of student accounts receivable, accounts payable and accrued liabilities approximates fair value because of the short maturity of these financial instruments.

New Accounting Pronouncements

In 2015, the Financial Accounting Standards Board ("FASB") issued guidance amending the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. The amendments within this update must be applied retrospectively to all periods presented. As such, the College has adopted this guidance for the years ended August 31, 2016 and 2015. This new guidance only amended disclosure requirements and did not have any impact on the College's consolidated statements of financial position or consolidated statements of activities for the years presented.

Also in 2015, the FASB issued guidance to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability to be presented as a direct deduction from the carrying amount of that debt liability. The amendments within this update must be applied retrospectively to all periods presented. As such, the College has adopted this guidance for the years ended August 31, 2016 and 2015.

Concentration of Credit Risk

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of temporary cash investments, marketable securities and limited partnerships. Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the College maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. At August 31, 2016 and 2015, the College's cash and investments were placed with high credit quality financial institutions and, accordingly, the College does not expect non-performance.

Estimates

The preparation of financial statements in conformity with US 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 and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowance for doubtful student accounts and loans receivable, valuation of investments, a reserve for conditional asset retirement obligations, the liability for postretirement benefits and fair values of non-marketable investments, including real estate. Actual results could differ from those estimates.

Income Taxes

The College follows ASC 740-10 which 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 section 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 assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The College is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the College may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ended August 31, 2013, 2014, 2015 and 2016 are still open to audit for both federal and state purposes. Management has determined that there are no material uncertain tax positions within its consolidated financial statements.

Reclassification

Certain information in the fiscal 2015 consolidated financial statements has been reclassified to conform to the fiscal 2016 presentation.

3. INVESTMENTS

The fair value of investments at August 31, 2016 and 2015 are as follows:

	2016	2015
Money market funds	$ 1,435,820	$ 2,753,748
Mutual funds	22,011,461	18,429,893
Common stock	27,940,833	24,347,136
Corporate bonds	2,625,863	2,127,593
Hedge funds	12,146,465	15,877,419
Partnership and other investments	4,832,047	5,124,733
	$ 70,992,489	$ 68,660,522

Investment returns for the years ended August 31, 2016 and 2015 are as follows:

	2016	2015
Investment income:		
Dividends and interest	$ 1,187,181	$ 1,160,834
Realized gain (loss)	191,912	(872,938)
Unrealized gain (loss)	880,891	(2,632,548)
Expenses	(57,182)	(246,103)
Total investment gain (loss)	$ 2,202,802	$ (2,590,755)

The following tables summarize the College's fair value hierarchy for its investments, measured at fair value, as of August 31, 2016 and 2015:

	2016		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 22,011,461	$ -	$ 22,011,461
Common stock	27,940,833	-	27,940,833
Corporate bonds	-	2,625,863	2,625,863
	$ 49,952,294	$ 2,625,863	$ 52,578,157
Money market			1,435,820
Alternative investments at NAV			16,978,512
Investments, at fair value			$ 70,992,489

	2015		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 18,429,893	$ -	$ 18,429,893
Common stock	24,347,136	-	24,347,136
Corporate bonds	-	2,127,593	2,127,593
	$ 42,777,029	$ 2,127,593	$ 44,904,622
Money market			2,753,748
Alternative investments at NAV			21,002,152
Investments, at fair value			$ 68,660,522

The College has entered into agreements with private equity and external investment managers, which include commitments to make periodic cash disbursements in future periods. The expected amounts of these disbursements as of August 31, 2016 and 2015 are broken out in the Net Asset Value ("NAV") table.

The College utilizes the "practical expedient" to estimate the fair value of investments in various investment funds that have a calculated value of their capital account or NAV in accordance with, or in a manner consistent with US GAAP whereby there is limited market activity. The practical expedient is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP.

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

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statement consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments in limited partnerships, private equities and hedge funds by major category:

2016

Category	Strategy	NAV in Funds	Number of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Private equity and other	Funds of funds with an investment diversification strategy	$ 2,469,698	3	$ 2,899,938	None	Redemption at discretion of general partners and upon liquidation of fund
Private equity and other	Portfolio consisting of non-performing and re-performing mortgage credit loans	728,544	1	236,500	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Diversified portfolio of global equity and equity like investments	359,528	2	113,759	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Secondary investment of high-quality, seasoned private equity funds purchased from primary investors seeking early liquidity	905,554	2	171,205	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Real estate private equity, seeking high annual returns through direct property ownership, financing and operating public and private real estate	368,723	2	1,649,722	None; close-end fund	Redemption at discretion of general partners and upon liquidation of fund
Hedge Funds	Opportunistic fund seeking capital appreciation in a wide range of asset classes	1,269,707	1	N/A	Quarterly with 45 days notice	None
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	6,950,330	7	N/A	Monthly, Quarterly and Annually with 45-60 days notice	None
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	3,926,428	3	N/A	Quarterly with 50-65 days notice	18-Month Lockup 20% total fund liquidation limit per quarter, 25% investor NAV liquidation limit per quarter
		$ 16,978,512	21	$ 5,071,124		

2015

Category	Strategy	NAV in Funds	Number of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Private equity and other	Funds of funds with an investment diversification strategy	$ 1,445,095	2	$ 2,917,225	None	Redemption at discretion of general partners and upon liquidation of fund
Private equity and other	Portfolio consisting of non-performing and re-performing mortgage credit loans	675,000	1	325,000	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Diversified portfolio of global equity and equity like investments	1,311,649	2	2,134,708	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Secondary investment of high-quality, seasoned private equity funds purchased from primary investors seeking early liquidity	1,291,680	2	173,346	None	Redemption at discretion of general partners and upon liquidation of fund
Equity Funds (non-registered)	Real estate private equity, seeking high annual returns through direct property ownership, financing and operating public and private real estate	401,309	2	1,669,010	None; close-end fund	Redemption at discretion of general partners and upon liquidation of fund
Hedge Funds	Opportunistic fund seeking capital appreciation in a wide range of asset classes	1,180,905	1	N/A	Quarterly with 45 days notice	None
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	12,130,511	9	N/A	Monthly, Quarterly and Annually with 45-65 days notice	None
Hedge Funds	Diverse global equity and credit strategies with concentrations in event-driven, arbitrage, and value opportunities	2,566,003	2	N/A	Quarterly with 45 days notice	One year Lockup w/ 3% early redemption fee, 20% total fund liquidation limit per quarter
		$ 21,002,152	21	$ 7,219,289		

4. STUDENT LOANS RECEIVABLE AND REFUNDABLE GOVERNMENT GRANTS

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through Federal government loan programs.

The following is an analysis of gross student loans receivable aging as of August 31, 2016 and 2015:

	2016	2015
Past due:		
1-120 days	$ 543,157	$ 488,117
Greater than 120 days	169,474	78,971
Collections	2,477,718	2,563,382
Total past due	3,190,349	3,130,470
Current	8,792,126	9,014,230
Total gross student loans receivable	11,982,475	12,144,700
Less: Reserve	(681,507)	(709,012)
Total student loans receivable, net	$ 11,300,968	$ 11,435,688

The College's receivable includes the amounts due from current and former students. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio. Management's assessment includes review of general economic conditions; a detailed review of the aging of the student loan receivable detail and a review of the default rate by loan category in comparison to prior years; the financial condition of specific borrowers; the level of delinquent loans; the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on the results of management's analysis.

Loans disbursed under the Federal government loan programs are able to be assigned to the Federal Government in certain non-repayment situations. In these situations, the Federal portion of the loan balance is guaranteed.

5. CONTRIBUTIONS RECEIVABLE, NET

Unconditional promises at August 31, 2016 and 2015 and the time periods in which they are expected to be realized are as follows:

	2016	2015
In one year or less	$ 439,350	$ 620,751
Between one year and five years	1,166,672	1,278,172
In more than five years	-	32,500
Gross contributions receivable	1,606,022	1,931,423
Less: Allowance for doubtful accounts	(48,841)	(58,102)
Less: Discount to present value	(73,475)	(60,278)
	$ 1,483,706	$ 1,813,043

Estimated cash flows from contributions receivables due after one year are discounted to reflect the present value of future cash flows using a risk-adjusted rate, ranging from 3.2% to 5.5%. An additional reserve of approximately 3% is deducted for potential uncollectible pledges.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following at August 31, 2016 and 2015:

	2016	2015
Land	$ 4,798,837	$ 4,798,837
Buildings and leasehold improvements	204,236,874	199,144,225
Machinery, equipment, furniture and software	70,390,680	63,106,720
Library books	3,513,508	3,257,567
Construction in progress	9,624,641	8,582,738
	292,564,540	278,890,087
Less: Accumulated depreciation	(152,155,994)	(136,282,924)
	$ 140,408,546	$ 142,607,163

Construction in progress includes capitalized interest of $1,262,458 and $1,102,951 for the years ended August 31, 2016 and 2015, respectively. Also included in construction in progress are pre-development costs for dormitories of $7,089,985 and $7,063,298 for the years ended August 31, 2016 and 2015, respectively. Depreciation expense and amortization for the years ended August 31, 2016 and 2015 totaled to $15,873,070 and $14,144,626, respectively.

7. BONDS PAYABLE

The following is a summary of bonds payable at August 31:

	2016	2015
Dormitory Authority of the State of New York, taxable revenue bonds, Series 2016A (the "Series 2016A" bonds), 1.89% to 3.36%, maturing 2024.	$ 47,910,000	$ -
Suffolk County Industrial Development Agency ("SCIDA"), tax exempt revenue bonds, New York Institute of Technology, 5.0% to 5.25%, maturing 2026.	-	40,255,000
Nassau County Industrial Development Agency ("NCIDA"), tax exempt revenue bonds, New York Institute of Technology, 4.75% to 5.25%, maturing 2026.	-	20,310,000
Total principal	47,910,000	60,565,000
Add: unamortized premiums	-	168,323
Less: unamortized bond issuance costs	(872,500)	(384,568)
Total bonds payable	$ 47,037,500	$ 60,348,755

In August 2016, the College issued $47,910,000 in federally taxable bonds through the Dormitory Authority of the State of New York Series 2016A. The Series 2016A bond proceeds, along with $7,680,575 in debt service reserve funds for the SCIDA and NCIDA bonds, and $10,000,000 in NYIT operating cash, were applied to legally defease the entire debt outstanding from SCIDA and NCIDA. The taxable debt is issued at par.

In fiscal year 2015, the College repaid $13,420,000 in bonds from the New York City Industrial Development Agency ($5,110,000); NYIT taxable bonds ($8,240,000) and the SCIDA ($70,000).

The Series 2016A bonds have scheduled principal repayments between 2017 and 2023 ranging from $3,600,000 to $7,765,000, with a final payment of $1,365,000 due in 2024. Principal sinking fund requirements on the bonds for each of the next five years are as follows:

Year Ending August 31,	
2017	$ 3,600,000
2018	6,215,000
2019	6,970,000
2020	7,135,000
2021	7,325,000
Thereafter	16,665,000
Total	$ 47,910,000

The total outstanding debt is collateralized by many of the College's academic properties on the Old Westbury campus and by most streams of net operating revenues. The College is obligated to comply with some financial covenants in conjunction with its outstanding debt portfolio. The College was in compliance with all financial covenants at August 31, 2016 and 2015.

The fair value of long-term debt approximates $47,910,000 and $60,565,000 at August 31, 2016 and 2015, respectively.

Deferred Interest Cost

Costs related to the issuance of the debt are deferred and amortized over the life of the related debt. At August 31, 2016 and 2015, net deferred bond issuance costs totaled $872,500 and $384,568, respectively. Amortization expense includes extinguishment of all deferred costs related to retired bonds. For the years ended August 31, 2016 and 2015, amortization expense amounted to $384,568 and $1,070,483, respectively.

8. POSTRETIREMENT BENEFITS

The College sponsors defined benefit health care plans that provide postretirement medical benefits to all employees who meet certain eligibility requirements. The plans are not funded. The College has a liability associated with its postretirement health benefits obligation recorded on the consolidated statements of financial position.

In connection with the faculty union negotiations for the periods of fiscal 2013 through 2017, the union agreed to change the payment of postretirement benefits for existing employees to a fixed reimbursement model, effective on January 1, 2013. No employee hired after September 1, 2013 will be eligible for postretirement medical benefits under this plan. As a result, the College realized a reduction in the postretirement benefit obligation of $34,272,262 in the non-operating expense line in 2013, and that amount is being amortized into operational expense over the remaining working lives of the affected employees.

The status of the plans at August 31, 2016 and 2015 is as follows:

	2016	2015
Change in accumulated postretirement benefit obligation:		
Benefit obligation at September 1	$ (9,582,367)	$ (9,838,849)
Service cost	(279,182)	(319,839)
Interest cost	(382,932)	(358,736)
Benefits paid	622,963	663,175
Actuarial gain	34,450	271,882
Benefit obligation at August 31	$ (9,587,068)	$ (9,582,367)

	2016	2015
Change in plan assets:		
Fair value of plan assets at September 1	$ -	$ -
Contributions	(622,963)	(663,175)
Benefits paid	622,963	663,175
Fair value of plan assets at August 31	$ -	$ -

	2016	2015
Funded status of the plan:		
Accumulated employer contributions in excess of net periodic benefit cost	$ (25,499,391)	$ (27,327,956)
Unrecognized prior service credit	23,712,778	26,139,573
Unrecognized net losses	(7,800,455)	(8,393,984)
Net accrued benefit liabilities, recognized in the consolidated statements of financial position	$ (9,587,068)	$ (9,582,367)

	2016	2015
Costs recognized in the consolidated statements of activities:		
Service cost	$ (279,182)	$ (319,839)
Interest cost	(382,932)	(358,736)
Amortization of actuarial loss	(559,079)	(581,968)
Amortization of prior service credit	2,426,795	2,426,795
Net postretirement credit	$ 1,205,602	$ 1,166,252

	2016	2015
Changes other than net periodic postretirement benefit cost:		
Actuarial gain	$ 34,450	$ 271,882
Amortization of unrecognized amounts	(1,867,716)	(1,844,827)
Total changes other than net periodic postretirement benefit costs	$ (1,833,266)	$ (1,572,945)

The amortized components of net periodic benefit cost expected to be recognized in fiscal 2017 are $2,426,795 for the amortization of prior service cost (credit) and $514,417 for the amortization of unrecognized net (loss) gain.

The significant actuarial assumptions used in the determination of actuarial present value of the projected benefit obligation and net periodic pension costs are:

Weighted average discount rate	3.47%
Healthcare cost trend rate	Declining from 6.82% in 2017 to 4.50% in 2027 and thereafter
Measurement date	August 31, 2016

Benefits expected to be paid in cash for the next period beginning September 1 are as follows:

2017	$ 690,031
2018	916,321
2019	931,058
2020	928,024
2021	954,501
2022-2026	3,493,659

Estimated employer contributions expected to be paid by the College during the fiscal years ending August 31, 2017 total $690,031.

	2017
One-percentage-point increase in assumed healthcare cost trend rates:	
Effect on total service and interest components	$ 223
Effect on postretirement benefit obligation	5,651
One-percentage-point decrease in assumed healthcare cost trend rates:	
Effect on total service and interest components	$ (219)
Effect on postretirement benefit obligation	(5,539)

9. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan funded through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund for substantially all full-time employees. Contributions are based on a percentage of the participants' salaries. Total pension costs under this plan for the years ended August 31, 2016 and 2015 totaled $6,140,876 and $5,941,165, respectively.

10. ENDOWMENT

The College has endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 ("UPMIFA"). New York State adopted UPMIFA in September 2010 ("NYPMIFA").

The College's endowment consists of investments in land and 36 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the College has interpreted relevant New York law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College 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 College in a manner consistent with the standard of prudence prescribed by New York law.

In accordance with NYPMIFA the College considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund;
- The purposes of the College and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appropriation of investments;
- Other resources of the College; and
- The investment policy of the College.

The College has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount. Annually, the College approves the endowment distribution for the following fiscal year. The endowment distribution is at the discretion of the Board of Trustees and is not based on a specific formula, nor is it directly tied to current investment returns. From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds unless specific donors have stipulated to the contrary. Deficiencies of this nature that are reported in unrestricted net assets totaled $0 and $6,587 as of August 31, 2016 and 2015, respectively.

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

At August 31, 2016 and 2015, the endowment net asset composition by type of fund consisted of the following:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ -	$ 3,437,598	$ 2,226,803	$ 5,664,401
Board-designated funds:				
Real estate investments	30,870,250	-	-	30,870,250
Other investments	66,254,400	-	-	66,254,400
Total funds	97,124,650	3,437,598	2,226,803	102,789,051
Pledges to donor restricted funds, at gross	-	-	589,751	589,751
	$ 97,124,650	$ 3,437,598	$ 2,816,554	$ 103,378,802

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ (6,587)	$ 3,304,104	$ 1,805,528	$ 5,103,045
Board-designated funds:				
Real estate investments	31,243,000	-	-	31,243,000
Other investments	64,152,905	-	-	64,152,905
Total funds	95,389,318	3,304,104	1,805,528	100,498,950
Pledges to donor restricted funds, at gross	-	-	629,183	629,183
	$ 95,389,318	$ 3,304,104	$ 2,434,711	$ 101,128,133

Changes in endowment net assets for the fiscal year ended August 31, 2016 and 2015 consisted of the following:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ 95,389,318	$ 3,304,104	$ 2,434,711	$ 101,128,133
Investment return:				
Investment income	1,101,762	85,419	-	1,187,181
Management and administrative fees	(53,068)	(4,114)	-	(57,182)
Net appreciation (realized and unrealized)	995,613	77,189	-	1,072,802
Total investment return	2,044,307	158,494	-	2,202,801
Contributions	54,775	-	421,275	476,050
Distribution for spending	-	(25,000)	-	(25,000)
Change in pledges receivable	-	-	(39,432)	(39,432)
Other changes	(363,750)	-	-	(363,750)
	(308,975)	(25,000)	381,843	47,868
Endowment net assets at end of year	$ 97,124,650	$ 3,437,598	$ 2,816,554	$ 103,378,802

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	$ 95,653,433	$ 3,512,611	$ 1,385,247	$ 100,551,291
Investment return:				
Investment income	1,149,930	53,583	-	1,203,513
Management and administrative fees	(187,379)	(14,506)	-	(201,885)
Net depreciation (realized and unrealized)	(2,487,666)	(192,584)	-	(2,680,250)
Total investment return	(1,525,115)	(153,507)	-	(1,678,622)
Contributions	-	-	420,281	420,281
Distribution for spending	-	(55,000)	-	(55,000)
Pledges receivable	-	-	629,183	629,183
Other changes	1,261,000	-	-	1,261,000
	1,261,000	(55,000)	1,049,464	2,255,464
Endowment net assets at end of year	$ 95,389,318	$ 3,304,104	$ 2,434,711	$ 101,128,133

11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At August 31, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	2016	2015
Professorship	$ 1,174,366	$ 1,138,452
Capital expenditures	157,655	427,030
Scholarships	1,916,835	1,880,402
Other restricted activities	1,029,163	865,122
	$ 4,278,019	$ 4,311,006

At August 31, 2016 and 2015, permanently restricted net assets consisted of the following:

	2016	2015
Endowment assets, primarily for scholarships	$ 2,816,554	$ 2,434,711

Net assets released from restrictions were as follows for the years ended August 31:

	2016	2015
Scholarships	$ 128,967	$ 268,600
College programs	357,637	319,220
	$ 486,604	$ 587,820

12. FUND-RAISING EXPENSES

In the accompanying consolidated statement of activities, institutional support includes fund-raising expenses for contributions, grants and contracts. For the years ended August 31, 2016 and 2015, the College incurred fund-raising expenses of $2,663,163 and $2,060,966, respectively.

13. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments under capital lease obligations in excess of years at August 31, 2016 are as follows:

Year Ending August 31,	
2017	$ 169,009
2018	139,083
2019	92,616
2020	92,616
2021	77,180
Total minimum lease payments	570,504
Less: amount representing interest	(44,826)
Present value of net minimum lease payments	$ 525,678

The College has several noncancellable operating leases for space in Manhattan. These leases require payment of real estate taxes and escalation. Rent expense for the years ended August 31, 2016 and 2015 totaled approximately $16,469,963 and $16,381,929, respectively. The College has recorded an accrual for its cumulative straight-line obligation of $7,455,084 and $8,693,100 at August 31, 2016 and 2015, respectively. These amounts are included within the caption accounts payable and accrued liabilities on the consolidated statements of financial position.

Future minimum rentals required under the operating leases are as follows:

Year Ending August 31,	
2017	$ 14,845,683
2018	13,347,469
2019	8,768,179
2020	8,687,520
2021	3,004,918
Thereafter	12,398,119
	$ 61,051,888

In connection with the future sale of certain properties located in Central Islip, the College has committed to the town to use a portion of the proceeds to improve its campus in Central Islip. Approximately $155,000 is included in other assets for each of the years ended August 31, 2016 and 2015, respectively.

The College is planning to construct student residences with 699 beds and a campus commons with dining and student program space on the Old Westbury campus (the "Project"). The College has spent $7,089,985 on the project as of August 31, 2016. The College anticipates spending up to an additional $140 million, including contingencies. The Project is in the permitting review process with the Village of Old Westbury and surrounding jurisdictions. At this time, the College anticipates construction to begin summer 2017 and be ready for occupancy in September of 2019.

Litigation

The College has been named as a defendant in various legal actions claiming damages in connection with contractual arrangements and other matters. Management believes, on the basis of its understanding and consideration of these matters, that these actions will not result in payments of amounts, if any, which would have a material adverse effect on the consolidated financial statements.

Line of Credit and Standby Letter of Credit

The College has one unsecured line of credit of $6,000,000 with a commercial bank. The line is subject to annual renewal with consent from both parties. As of August 31, 2016 and 2015, there are no borrowings under the line of credit. Under the $6,000,000 line of credit, expiring May 31, 2017, $1,055,935 is reserved for open Standby Letters of Credit for security deposits that expire April 1, 2026. As of August 31, 2016 and 2015, the net amount available for borrowing on the $6,000,000 line of credit is $4,944,065. The interest rate on the $6,000,000 line of credit is LIBOR plus 150 basis points or the Prime rate.

Subsequent Events

The College has evaluated subsequent events and transactions that occurred after the balance sheet date of August 31, 2016 through December 22, 2016, the date these consolidated financial statements were available to be issued. On September 21, 2016, the College's President announced that he would step down after 16 years in this role. The Board of Trustees has engaged a search firm and formed a search committee to assist in identifying the next President. There were no additional subsequent events that required either recognition or disclosure within the consolidated financial statements.

NEW YORK INSTITUTE OF TECHNOLOGY
Schedule of Expenditures of Federal Awards
For the year ended August 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Grantor Agency (Note 4)	CFDA Number	Pass Through Entity's Identification Number	Federal Expenditures	Amounts Provided to Subrecipients
Student Financial Assistance Cluster					
Federal Work Study Program	ED	84.033	Direct	$ 862,178	$ -
Federal Supplemental Educational Opportunity Grant Program	ED	84.007	Direct	299,992	-
Federal Pell Grant Program	ED	84.063	Direct	6,634,097	-
Federal Direct Student Loan Program	ED	84.268	Direct	111,563,797	-
Federal Perkins Loan Program	ED	84.038	Direct	9,620,327	-
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	DHHS	93.342	Direct	3,835,114	-
Scholarship for Health Profession Students from Disadvantaged Backgrounds	DHHS	93.925	Direct	577,500	-
Total Student Financial Assistance Cluster				133,393,005	-
National Science Foundation					
Wang/HSU/Runco Discovery Research K-12	NSF	47.076	Direct	70,971	-
Security of Mobile Devices and Wireless Networks	NSF	47.070	Direct	106,880	-
Major Research Instrumentation Program	NSF	47.041	Direct	12,059	-
A Novel Multidisciplinary, Multi-campus Undergraduate Minor to Enhance STEM Learning	NSF	47.076	Direct	23,095	-
Travel Grant Support for Association for Computing Machinery Conference	NSF	47.070	Direct	4,364	-
Unraveling the Deep History of Avian Neurological Complexity	NSF	47.074	Direct	4,621	-
FEW Workshop: Food, Energy, and Water Nexus in Sustainable Cities	NSF	47.041	Direct	96,827	-
How Development and Behavior Interact to Change Skull Form	NSF	47.050	Direct	56,958	-
Taphonomy, paleoecology, and evolution of mammals and aquamates from Egg Mountain	NSF	47.074	Direct	4,272	-
Total National Science Foundation				380,047	-
National Institutes of Health					
Cardiovascular Diseases Research - Gerdes	NIH	93.837	Direct	196,593	-
Music Based Interactive Robotic Orchestration for Children with ASD	NIH	93.865	Direct	20,454	-
Necessity of AMPK Activation for Caloric Restriction- Induced Cardioprotection	NIH	93.837	Direct	123,973	19,343
Src Family Kinases & Control of Epithelial Cell Paracellular Permeability	NIH	93.847	Direct	119,237	10,940
Zebra Fish Model of Acute Kidney Injury	NIH	93.847	Direct	10,525	-
A novel epithelial cell migration drives nephron repattering and convolution	NIH	93.847	Direct	122	-
An Implantable Wireless System to Study Gastric Neurophysiology	NIH	93.310	Direct	158,295	97,409
Skeletal effects of Methylphenidate Eunice Kennedy Shriver Sub-Contract from SUNY Stony Brook	NIH	93.865	1108834-2-63921	45,265	-
A Family Based Framework of Quality Assurance for Biomedical Ontologies Sub-Contract from New Jersey Institute of Technology	NIH	93.865	5R24HD050821-09	2,873	-
Model Based Software for Configuring Switch Scanning Systems Sub-Contract from Keoster, Inc.	NIH	93.865	2R44HD068026-02A1	53,366	-
Total National Institutes of Health				730,703	127,692
Department of Defense					
Context Aware Active Authentication Using Touch Gestures - Typing Patterns and Body Movement Sub-Contract from Louisiana Tech University	DOD USAF	12.300	FA8750-13-2-0274	28,041	-
ARO Travel Grant Support for WiSEC	DOD ARO	12.431	Direct	1,952	-
Total Department of Defense				29,993	-
Department of Education					
Northeast Regional Comprehensive Center (NCC) Sub Contract from RMC Research Corporation	ED	84.283	S283B120036	90,012	-
Total Department of Education				90,012	-
Department of Health and Human Services					
HRSA Expanded PA Program	DHHS	93.514	Direct	190,080	-
HRSA Faculty Development	DHHS	93.884	Direct	142,021	-
Pre Doctoral Training in Primary Care	DHHS	93.884	Direct	57,280	-
HRSA Nelville/Cardoza (Comprehensive Geriatic Education Program)	DHHS	93.265	Direct	32,451	-
Total Department of the Health and Human Services				421,832	-
Department of Transportation					
Transportation Innovative Series Sub-Contract from CUNY	DOT	20.701	49198-33-27, 49198-12-27	60,057	-
Mobile Wireless Networks for Traffic Estimation Sub-Contract from CUNY	DOT	20.701	49198-11-26	6,299	-
Total Department of Education				66,356	-
Department of Energy					
A Self-Powered, Wireless Sensor System for Remote and Long-Term Monitoring of Internal Conditions of Nuclear Waste Casks	DOE	81.049	Direct	25,527	-
Total Department of Energy				25,527	-
Total Federal Expenditures				$ 135,137,475	$ 127,692

The accompanying notes to schedule of expenditures of federal awards should be read in conjunction with this schedule.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared on the accrual basis of accounting and in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. CFDA numbers and pass-through entity identifying numbers are presented where available. The purpose of the Schedule is to present a summary of those activities of the New York Institute of Technology and subsidiary (collectively, the "College") for the year ended August 31, 2016, which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other non-cash assistance. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present either the consolidated financial position, consolidated changes in net assets or cash flows of the College and may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. In addition, the College did not elect to utilize the federal minimum indirect cost rate.

2. FEDERAL DIRECT STUDENT LOAN PROGRAM

With respect to the Federal Direct Student Loan Program, CFDA No. 84.268, the College is only responsible for the performance of certain administrative duties; therefore, the transactions and the balances of loans outstanding related to this program are not included in the College's consolidated financial statements. The Schedule includes the amounts loaned to students during the year ended August 31, 2016. It is not practical to estimate the outstanding balance of loans under this program.

3. OTHER LOAN PROGRAMS

The College extends loans through revolving funds originally funded by the federal government, with principal and interest relating to outstanding loans being paid back to the College. At August 31, 2016, loan activities and balances consisted of the following:

Department	Program	Federal CFDA No.	Outstanding Balance at September 1, 2015	New Loans Issued for the Year Ended August 31, 2016	Payments Received	Outstanding Balance at August 31, 2016
Education	Federal Perkins Loan Program	84.038	$ 8,668,277	$ 952,050	$ (1,239,749)	$ 8,380,578
Health and Human Services	Loans for Disadvantaged Students	93.342	1,240,287	107,200	(101,108)	1,246,379
Health and Human Services	Federal Health Professional Loan Program	93.342	2,194,724	292,903	(185,132)	2,302,495

Perkins loan cancellations (CFDA 84.038) amounted to $8,632 for the year ended August 31, 2016.

The administrative cost allowances for the Federal Work Study Program and the Federal Supplemental Equal Opportunity Grant Program have been included in the Schedule. The administrative cost allowance for each of these programs for the year ended August 31, 2016 was $42,129 and $15,000, respectively.

4. OFFICIAL AGENCY NAMES:

Full names of the sponsoring agencies included on the accompanying schedule are as follows:

DHHS	Department of Health and Human Services
DOE	Department of Energy
ED	Department of Education
NIH	National Institutes of Health
NSF	National Science Foundation
DOD USAF	Department of Defense US Air Force
DOD ARO	Department of Defense Army Research Office
DOT	Department of Transportation

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To The Board of Trustees of
New York Institute of Technology:

We have audited, 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, the consolidated financial statements of New York Institute of Technology and subsidiary (collectively, the "College" or "NYIT"), which comprise the consolidated statement of financial position as of August 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 22, 2016.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the College's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the College's consolidated financial statements are free from 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*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Melville, New York
December 22, 2016

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
New York Institute of Technology

Report on compliance for each major federal program

We have audited the compliance of New York Institute of Technology and subsidiary (collectively, the "College" or "NYIT") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended August 31, 2016. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our audit of, and opinion on, the College's compliance for its major federal program does not include the compliance requirements governing Federal Perkins loan processing and student refunds under the Student Financial Assistance cluster, because the College engaged Xerox Education Services dba ACS Education Services, Inc. and Higher One, Inc. to perform these compliance activities. These third-party servicers have obtained a compliance examination from another practitioner in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the College's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Those standards and the Uniform Guidance 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 College'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended August 31, 2016.

Report on internal control over compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 College's internal control over compliance.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Melville, New York
March 16, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
• Noncompliance material to consolidated financial statements noted?	___ yes _X_ no

Federal Awards

Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _X_ no
• Significant deficiencies identified that are not considered to be material weakness(es)?	___ yes _X_ none reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	___ yes _X_ no

Identification of the major program:

Federal Grantor/Pass-through Program Title or Cluster	CFDA Number(s)
Student Financial Assistance Cluster:	
U.S. Department of Education:	
Federal Work Study Program	84.033
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Pell Grant Program	84.063
Federal Direct Student Loan Program	84.268
Federal Perkins Loan Program	84.038
U.S. Department of Health and Human Services:	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _X_ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

NEW YORK INSTITUTE OF TECHNOLOGY
Summary Schedule of Prior Year Findings and Corrective Action Plan
For the year ended August 31, 2016

Financial Statement Findings

2015-001 - Internal Control over Financial Reporting (Restatement of Net Assets) - Material Weakness

Criteria:
Government Auditing Standards require an auditee to design and implement an internal control environment to achieve effective and efficient operations; reliability of financial reporting; and compliance with applicable laws and regulations. The control environment sets the tone of an organization, which influences the control consciousness of its people. The key factors impacting the control environment include, among other things, management's philosophy and operating style, organizational structure, assignment of authority and responsibility and policies and practices with respect to human resources.

Condition:
During fiscal 2015, the CFO restructured the finance department and hired a new controller and assistant controller. During the year-end close process, the new management team identified several items requiring restatement of the opening net assets. These restatements were recorded and included adjustments for (1) the incorrect recording of historical real estate assets at fair value instead of historical cost, (2) incorrect useful lives historically applied to leasehold improvements and improper capitalization of certain repairs and maintenance, (3) revisions to historical assumptions used in conditional asset retirement obligations and (4) incorrect classification of net assets. Given the qualitative and quantitative considerations, we have determined that the restatement represents a material weakness in the internal control over financial reporting. We further note that the restated balances all pertain to historical transactions and were not reflective of the 2015 results of operations.

Cause:
The College's internal controls were designed effectively, but not operating effectively to appropriately record the transactions noted above.

Effect:
As a result of our audit procedures, we noted that the College's beginning of year unrestricted net assets have been reduced by $16,973,542 and beginning of year temporarily restricted net assets have been reduced by $719,851 to correct the aggregate effect of the errors, $1,900,424 of which, related to a decrease in the change in net assets for the fiscal year ended August 31, 2014.

Recommendation:
We recommended that the College develop and formalize policies, procedures and processes to properly strengthen its monitoring and analysis of the aforementioned activities to ascertain that these types of transactions are properly classified and recorded.

Management's Response and Corrective Action Plan:
We concur with the finding. The restatement of opening net assets pertained to historical transactions and were not reflective of the 2015 results of operations. Management will continue to improve on our internal controls over financial reporting.

Fiscal 2016 Update:
No such finding was noted in fiscal 2016.

2015-002 - Journal Entries - Significant Deficiency

Criteria:
Government Auditing Standards require an auditee to design and implement an internal control environment to achieve effective and efficient operations; reliability of financial reporting; and compliance with applicable laws and regulations. The control environment sets the tone of an organization, which influences the control consciousness of its people. The key factors impacting the control environment include, among other things, management's philosophy and operating style, organizational structure, assignment of authority and responsibility and policies and practices with respect to human resources.

Condition:
During our audit procedures, we noted that for a period of three months during fiscal 2015, due to vacancies in the controller's office, certain employees involved in the journal entry process were given system rights that could pose a potential threat to the segregation of duties surrounding this area. During our audit procedures, we noted one instance whereby a College employee entered, posted, and approved a journal entry to the general ledger. We noted that the entry was supported and represented a valid and appropriate journal entry. We recommend that the system rights be reviewed to ensure that duties are segregated to serve as a check and balance on the employee's integrity to maintain the strongest internal controls possible. Additionally, we recommend that management review and enhance the journal entry process to ensure evidence of documented review and approval are maintained.

Cause:
The College's accounting system lacked the functionality to require the appropriate approvals prior to posting journal entries. Furthermore, management did not have a documented review and approval process in place to ensure recorded entries were proper.

Effect:
Although we did not identify any inappropriate journal entries through our testing, the potential exists that a material misstatement could occur through the journal entry process that would not have been prevented or detected through the normal course of management performing their assigned duties.

Recommendation:
We recommended that the policies and procedures regarding the internal controls over the journal entry process be reviewed and strengthened.

Management's Response and Corrective Action Plan:
We concur with the finding. Management will review system rights to ensure duties are segregated where warranted. Evidence of review and approval of journal entries will be maintained.

Fiscal 2016 Update:
No such finding was noted in fiscal 2016.