PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2014

NEW ISSUE-BOOK ENTRY ONLY

RATING:
S&P "BBB"
Fitch "A-"

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), assuming compliance with certain covenants and the accuracy of certain representations, and is not an item of tax preference for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (a) the Institution (as hereinafter defined) or another Person, by failing to comply with certain restrictions contained in the Code, may cause interest on the Series 2014A Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Series 2014A Bonds is subject to certain alternative minimum taxes imposed on corporations, and certain other taxes. Bond Counsel is further of the opinion that, so long as interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2014A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein regarding certain other tax considerations.

Albany College of Pharmacy AND HEALTH SCIENCES

$17,000,000*
CITY OF ALBANY CAPITAL RESOURCE CORPORATION
Tax-Exempt Revenue Refunding Bonds
(Albany College of Pharmacy Project), Series 2014A

Dated: Date of Delivery **Due: as shown on inside cover**

The City of Albany Capital Resource Corporation Tax-Exempt Revenue Refunding Bonds, Series 2014A (the "Series 2014A Bonds") are special obligations of the City of Albany Capital Resource Corporation (the "Issuer") payable from and secured by a pledge of the payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of October 1, 2014, by and between the Issuer and Albany College of Pharmacy and Health Sciences (the "Institution") and the funds and accounts (except the Rebate Fund) held by the Trustee under the Series 2014 Indenture (as such terms are defined below).

Principal and semiannual interest on the Series 2014A Bonds will be paid by Regions Bank, as trustee for the Series 2014A Bonds (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made to Cede & Co., which in turn will remit such payments to the DTC Participants (as defined herein) and DTC Indirect Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Series 2014A Bonds. Interest will be payable on December 1, 2014 and semiannually thereafter on each June 1 and December 1. The Series 2014A Bonds will be issued pursuant to the terms of a Trust Indenture, by and between the Issuer and the Trustee, dated as of October 1, 2014 (the "Series 2014 Indenture").

Payment of the principal of and interest on each of the Series 2014A Bonds when due, and payment when due of the obligations of the Institution to the Issuer as set forth in the Loan Agreement, will be secured by a Mortgage and Security Agreement, dated as of October 1, 2014 (the "Mortgage"), from the Institution to the Issuer, which Mortgage, among other things, grants to the Issuer a mortgage lien on, and a security interest in, among other things, a portion of the Project Facility (as defined herein); which Mortgage has been assigned to the Trustee by an Assignment of Mortgage, dated as of October 1, 2014 (the "Mortgage Assignment"), from the Issuer to the Trustee. As further security for the Series 2014A Bonds, the Institution has executed and delivered a Guaranty, dated as of October 1, 2014 (the "Guaranty"), from the Institution to the Trustee.

The Series 2014A Bonds are issuable only as fully registered bonds without coupons in minimum denominations of $5,000 plus any integral multiple of $5,000. When issued, the Series 2014A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2014A Bonds. Purchases of the Series 2014A Bonds will be made in book-entry form. Purchasers will not receive certificates representing their interest in Series 2014A Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Series 2014A Bonds.

THE SERIES 2014A BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER. THE SERIES 2014A BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS PLEDGED THEREFOR OR OTHERWISE AVAILABLE TO THE TRUSTEE FOR THE PAYMENT THEREOF, INCLUDING REVENUES DERIVED UNDER THE LOAN AGREEMENT. THE SERIES 2014A BONDS DO NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK, THE CITY OF ALBANY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK, THE CITY OF ALBANY, NEW YORK OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE SERIES 2014A BONDS. THE ISSUER HAS NO TAXING POWER.

The Series 2014A Bonds will be subject to redemption prior to maturity, as more fully described herein. See "The Series 2014A Bonds - Redemption Provisions" herein. The Series 2014A Bonds are offered when, as and if issued by the Issuer and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of certain legal matters relating to the issuance of the Series 2014A Bonds by Hodgson Russ LLP, Albany, New York, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Hodgson Russ LLP, counsel for the Issuer, and certain legal matters will be passed upon for the Institution by Gerald Katzman, Esq., Albany, New York, general counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by Harris Beach PLLC, Rochester, New York, counsel to the Underwriter. The Series 2014A Bonds are expected to be available for delivery in definitive form through DTC in New York, New York, on or about October __, 2014.

Oppenheimer & Co. Inc.

Dated: September 24, 2014

* Preliminary, subject to change.

$17,000,000*
CITY OF ALBANY CAPITAL RESOURCE CORPORATION
Tax-Exempt Revenue Refunding Bonds
(Albany College of Pharmacy Project), Series 2014A

$__________ Serial Bonds

Maturity Date December 1	Principal Amount	Interest Rate	Price or Yield	CUSIP†	Maturity Date December 1	Principal Amount	Interest Rate	Price or Yield	CUSIP†

Term Bonds

$____________________% Term Bonds due _______________ 1, 20____ to Yield ______% CUSIP†_________

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* Preliminary, subject to change.

†The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and neither the Issuer, the Institution, the Underwriter nor the Trustee makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Institution or the Underwriter to give any information or to make any representations with respect to the Series 2014A Bonds, other than the information and representations contained in this Official Statement. If given or made, such information or representations must not be relied upon as having been authorized by either of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2014A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Series 2014A Bonds have not been registered under the Securities Act of 1933, as amended, and the Series 2014 Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2014A Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2014A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2014A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

All information contained herein has been obtained from the Issuer, the Institution and other sources which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by the Institution or the Issuer.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

References in this Official Statement to the Series 2014 Indenture, the Loan Agreement, the Guaranty, the Intercreditor Agreement and the Mortgage do not purport to be complete. Refer to the Series 2014 Indenture, the Loan Agreement, the Guaranty, the Intercreditor Agreement and the Mortgage for full and complete details of their provisions. Copies of the Series 2014 Indenture, the Loan Agreement, the Guaranty, the Intercreditor Agreement and the Mortgage are on file with the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including the appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement, or any sale made after its delivery, create any implication that the affairs of the Institution have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014A BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the captions and "BONDHOLDER'S RISK" in the forepart of this Official Statement and in APPENDIX A to this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Institution does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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WITH THE EXCEPTION OF THE INFORMATION SET FORTH UNDER THE HEADING "THE ISSUER" AND, TO THE EXTENT SUCH INFORMATION RELATES TO THE ISSUER, UNDER THE HEADINGS "INTRODUCTION", "THE ISSUER" AND "LITIGATION", THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN PROVIDED BY THE INSTITUTION OR OTHERS AND NOT BY THE ISSUER, WHICH MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IT DID NOT FURNISH.

OFFICIAL STATEMENT

Relating to

$17,000,000*
CITY OF ALBANY CAPITAL RESOURCE CORPORATION
TAX-EXEMPT REVENUE REFUNDING BONDS
(Albany College of Pharmacy Project), Series 2014A

INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, which includes the cover page hereof, the inside front cover page hereof and the Appendices hereto, is to provide information about the City of Albany Capital Resource Corporation (the "Issuer") and Albany College of Pharmacy and Health Sciences (the "Institution") in connection with the issuance and sale by the Issuer of its $17,000,000* Tax-Exempt Revenue Refunding Bonds (Albany College of Pharmacy Project), Series 2014A (the "Series 2014A Bonds").

The following is a brief description of certain information concerning the Series 2014A Bonds, the Issuer and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Series 2014A Bonds is contained throughout this Official Statement, which should be read in its entirety. Capitalized terms used in this Official Statement shall have the meanings specified in Appendix C attached hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

Authorization of Issuance

The Series 2014A Bonds are authorized to be issued pursuant to the purposes and powers contained within Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the "Act"), the certificate of incorporation of the Issuer (the "Certificate"), and a resolution of the Issuer adopted on September 18, 2014 (the "Bond Resolution"). The Series 2014A Bonds will be issued by the Issuer pursuant to a Trust Indenture (the "Series 2014 Indenture"), dated as of October 1, 2014, by and between the Issuer and Regions Bank, as trustee (the "Trustee"). The Trustee is also acting as Bond Registrar and Paying Agent for the Series 2014A Bonds.

Purpose of the Issue

The proceeds of the Series 2014A Bonds will be made available to the Institution and, together with other available funds, will be used to undertake the following project (the "Series 2014 Project"): (A) the refinancing, in whole, of the following outstanding revenue bonds issued by the City of Albany Industrial Development Agency (the "Agency"): (1) Civic Facility Revenue Bonds (Albany College of Pharmacy Project), Series 2004A in the original aggregate principal amount of $14,000,000 (the "Series 2004A Bonds"), and (2) Civic Facility Revenue Bonds (Albany College of Pharmacy Project) in the original aggregate principal amount of $8,000,000 (the "Series 2004B Bonds", and collectively with the Series 2004A Bonds, the "Series 2004 Bonds"), which Series 2004 Bonds were issued to finance the following project (the "Series 2004 Project"): (i)(a) the acquisition of a sub-leasehold interest in and to construct and equip a Student Center facility consisting of up to 58,000 square feet (the "Student Center"), to include lecture halls, offices, conference space, a dining facility and campus bookstore, on an

* Preliminary, subject to change.

approximately 22,500 square foot parcel located on De LaSalle Road, Albany, New York; (b) the acquisition of a leasehold interest in an approximately 5.5 acre parcel of real property located at 5 Samaritan Drive, Albany, New York and the improvements located thereon (the "Nelson House") which will provide additional student housing for the institution; (c) to refund the approximately $6,165,000 outstanding balance of the Agency's Civic Facility Revenue Bonds (The University Heights Association, Inc. – Albany College of Pharmacy Project), Series 1999B (the "Series 1999B Bonds") used to finance the acquisition of a leasehold interest in and improvements to the Institution's Classroom Building located at De LaSalle Road, Albany, New York (the "Classroom Building"); (d) to refund the approximately $3,190,000 outstanding balance of the Agency's Civic Facility Revenue Bonds, Series 2000A (Albany College of Pharmacy Project) (the "Series 2000A Bonds") and acquire a leasehold interest in the improved real property located at One Notre Dame Drive, Albany, New York used by the Institution as a student dormitory (the "Dormitory"); (e) to acquire a leasehold interest in an approximately one acre parcel located at 9 Samaritan Drive, Albany, New York, and the approximately 18,000 square foot building thereon (the "PRI Labs"), for use by the Institution for pharmaceutical research and related office space; and (f) to acquire and reconstruct certain interior renovations and improvements to the Classroom Building and to the O'Brien, Blythe and Wardell Buildings (collectively with the Classroom Building, the "Campus Buildings") located on the Institution's campus (the "Campus") at 106 New Scotland Avenue, Albany, New York (the real property listed in (i)(a) through (f) above is hereinafter referred to collectively as the "Land"); the improvements existing on the Land and to be constructed on the Land are hereinafter referred to collectively as the "Facility"); the associated furniture, fixtures, machinery and equipment located or to be located on the Land and the Facility are hereinafter referred to collectively as the "Equipment"; and the Land, the Facility and the Equipment are hereinafter referred to collectively as the "Initial Project Facility"); (ii) to fund a debt service reserve fund for the benefit of the Owners of the Series 2004A Bonds; (iii) to pay costs incidental to the financing of all of the foregoing; (iv) to finance all or a portion of the costs of the foregoing up to $22,000,000 by the issuance of the Agency's Series 2004 Bonds; and (v) to grant certain other financial assistance in the form of exemption from mortgage recording tax (collectively with the Series 2004 Bonds, the "Financial Assistance"); (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, in an amount presently estimated to be approximately $19,500,000 and in any event not to exceed $20,500,000; (C) paying a portion of the costs incidental to the issuance of the Series 2014A Bonds, including issuance costs of the Series 2014A Bonds and any reserve funds as may be necessary to secure the Series 2014A Bonds and (D) the making of a loan of the proceeds of the Series 2014A Bonds to the Institution or such other person as may be designated by the Institution and agreed upon by the Issuer.

The Issuer

The Issuer was established by the City of Albany, New York in accordance with the provisions of Section 1411 of the Act as a local development corporation pursuant to the Act and the Certificate as a public instrumentality of the City of Albany, New York to carry out essential governmental functions for the public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government and acting in the public interest. See "THE ISSUER" herein.

The Institution

Albany College of Pharmacy and Health Sciences is a New York not-for-profit corporation of higher learning, located in the City of Albany, New York. The Institution was founded in 1881 and is authorized by the Board of Regents of the State of New York to operate as a college. Certain information appearing herein relating to the Institution has been furnished by the Institution and other sources which are believed to be reliable and neither the Issuer nor the Underwriter makes any representation or warranty with respect to the accuracy or completeness of such information.

See "ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES" herein and Appendix A hereto for a more detailed description of the Institution, and Appendix B hereto, which contains the audited financial statements of the Albany College of Pharmacy and Health Sciences for the years ended June 30, 2014 and 2013.

The Series 2014A Bonds

The Series 2014A Bonds will be issued in book-entry form as fully registered bonds without coupons and when issued will be registered to Cede & Co., as nominee of the Depository Trust Company (the "DTC"), New York, New York, which will act as the securities depository. Purchases will be made in denominations of $5,000 or any integral multiple thereof.

The Series 2014A Bonds will be dated the date of delivery, and interest thereon will be payable on June 1 and December 1 of each year, commencing December 1, 2014. So long as Cede & Co. is the registered owner of the Series 2014A Bonds, principal and premium, if any, will be payable by the Trustee to Cede & Co., as nominee for DTC. The Series 2014A Bonds are subject to optional and mandatory redemption (including scheduled sinking fund redemptions) and to acceleration prior to maturity, all as described herein. See "THE SERIES 2014A BONDS" herein.

Payment of the Series 2014A Bonds

The Series 2014A Bonds will be special obligations of the Issuer payable solely from (i) the amounts on deposit in the funds and accounts (excluding the Rebate Fund) held by the Trustee under the Series 2014 Indenture and (ii) certain payments to be made by the Institution under the Loan Agreement, dated as of October 1, 2014, by and between the Institution and the Issuer (the "Loan Agreement") which payments will be pledged and assigned to the Trustee pursuant to the Series 2014 Assignment (as defined herein). The Series 2014A Bonds will be secured by a first mortgage lien on and security interest in the Mortgaged Property (as defined in the hereinafter defined Mortgage) granted pursuant to the Mortgage (as defined herein); which such Mortgage shall be assigned by the Issuer to the Trustee by the Mortgage Assignment (as defined herein). As further security for the Series 2014A Bonds, the Institution will execute and deliver the Guaranty (as defined herein). See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2014A BONDS" herein.

Security for the Series 2014A Bonds

General

The Series 2014A Bonds will be equally and ratably secured as to principal, premium, if any, and interest by the Series 2014 Indenture. The Series 2014 Indenture constitutes a first Lien on the Trust Estate, which consists of property that may from time to time become subject to the Lien of the Series 2014 Indenture.

As security for the Series 2014A Bonds, the Issuer will assign to the Trustee the Issuer's rights under the Loan Agreement (except the Unassigned Rights), pursuant to a Pledge and Assignment, dated as of October 1, 2014, from the Issuer to the Trustee (the "Series 2014 Assignment").

The Pledged Revenues and Intercreditor Agreement

The Series 2014A Bonds are secured in part by a security interest in and lien on the Pledged Revenues. Pursuant to the Pledge and Security Agreement, dated as of October 1, 2014 (the "Pledge and Security Agreement"), by and between the Institution and the Trustee, the lien on the Pledged Revenues is on a parity basis with a pledge granted to certain bondholders as set forth in the Intercreditor Agreement, dated as of October 1, 2014 (the "Intercreditor Agreement"), by and between the Trustee and NBT Bank, National Association. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2014A BONDS" herein.

Mortgage

To secure the Series 2014A Bonds issued under the Series 2014 Indenture and all future bonds that may be issued thereunder, the Institution has granted to the Issuer a mortgage lien on and security interest in the Mortgaged Property (as defined in the Mortgage) pursuant to a certain Mortgage and Security Agreement, dated as of October 1, 2014, between the Institution and the Issuer (the "2014 Mortgage"); which such Mortgage which such Mortgage has been assigned by the Issuer to the Trustee by an Assignment of Mortgage, dated as of October 1, 2014 (the "Mortgage Assignment"), from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee.

Guaranty

The (A) Institution's obligation (i) to make all Loan Payments under the Loan Agreement and (ii) to perform all obligations related thereto and (B) the Issuer's obligation to repay the Series 2014A Bonds is secured by a Guaranty, dated as of October 1, 2014 (the "Guaranty"), from the Institution to the Trustee.

Financial Covenants

Debt Service Coverage Ratio

The Institution shall covenant in the Guaranty that so long as any Series 2014A Bonds are outstanding, it will charge and collect in each fiscal year of the Institution sufficient revenues to achieve and maintain the Debt Service Coverage Ratio (as defined herein) at 1.0. Failure to achieve and maintain the Debt Service Coverage Ratio shall not, however, constitute an Event of Default under the Guaranty unless such Debt Service Coverage Ratio is not achieved and maintained for two (2) consecutive fiscal years of the Institution. Compliance with the Debt Service Coverage Ratio will be tested annually commencing with the fiscal year ending June 30, 2015 and will be indicated by a certificate of an authorized officer of the Institution provided to the Trustee not later than the Reporting Date (as defined herein) pursuant to the Guaranty.

For purposes of the Guaranty, the "Debt Service Coverage Ratio" means the ratio of Operating Revenues Available for Debt Service equal to 1.0x Annual Debt Service.

"Annual Debt Service" means the actual sum of the principal and sinking fund installments of, and interest on, all outstanding Long-Term Indebtedness payable during a fiscal year, provided that with respect to any Long-Term Indebtedness subject to an interest rate exchange agreement, the debt service shall include the net payments made to or received from the counterparty.

"Balloon Long-Term Indebtedness" means any Long-Term Indebtedness as to which twenty-five percent (25%) or more of principal payments is due in a single Fiscal Year of the Institution.

"Indebtedness" means, without duplication, (i) all indebtedness of the Institution for borrowed moneys, (ii) all indebtedness, no matter how created, secured by the Facility or other property of the Institution, whether or not such indebtedness is assumed by the Institution, (iii) the liability of the Institution under any lease of real or personal property that is properly capitalized on the balance sheet of the Institution in accordance with generally accepted accounting principles, and (iv) any guaranty by the Institution of any other Person for borrowed moneys or which has been incurred or assumed by such Person in connection with the acquisition of property or the leasing of real or personal property which is properly capitalized on the balance sheet of such Person in accordance with generally accepted accounting principles, excluding indebtedness that has been defeased.

"Long-Term Indebtedness" means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the Institution has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof.

"Maximum Annual Debt Service" means on any date, the greatest amount required in the then current or future fiscal year to pay the sum of the principal and sinking fund installments of and interest on outstanding Long-Term Indebtedness payable during such year assuming that any Long-Term Indebtedness that bears a variable rate of interest (a) if the Long-Term Indebtedness is tax-exempt, the interest rate borne by such Indebtedness shall be assumed to be the five year average of the SIFMA index (or a comparable index) as of the date one month before the issuance of such proposed Indebtedness, (b) if such Long-Term Indebtedness is not tax-exempt, the interest rate borne by such Long-Term Indebtedness shall be assumed to be the five year average of 30-day LIBOR (or a comparable index) as of the date one month before the issuance of such proposed Long-Term Indebtedness, and (c) if the variable rate Long-Term Indebtedness is subject to an interest rate exchange agreement, the interest rate borne by such Long-Term Indebtedness shall include the net payments made to or received from the counterparty; provided further, that with respect to any Balloon Long-Term Indebtedness, such Long-Term Indebtedness shall be assumed to be amortized to provide for level debt service for a period equal to the original term of such debt at the interest rate actually borne by such balloon Long-Term Indebtedness or at the average variable rate as described above.

"Operating Revenues Available for Debt Service" means Unrestricted Operating Revenues, minus total unrestricted operating expenses, excluding (i) depreciation, (ii) amortization, (iii) interest expenses as displayed or included in the Institution's audited financial statements produced in accordance with generally accepted accounting principles then applicable to the Institution, (iv) any non-cash adjustment for changes in accounting estimates, change in generally accepted accounting principles, or other non-cash adjustments made in accordance with generally accepted accounting principles, (v) extraordinary items, and (vi) any unrealized gains/appreciation or losses/depreciation on the carrying value of investments or interest exchange agreements.

"Reporting Date" means the reporting date of compliance with the Debt Service Coverage Ratio, such date being no later than 120 days following the end of each fiscal year of the Institution, commencing with the fiscal year ending June 30, 2015.

"Unrestricted Operating Revenues" means total unrestricted operating revenues, including interest and dividends and funds made available for operations from endowment funds and from other temporarily restricted resources as displayed or included in the Institution's audited financial statements produced in accordance with generally accepted accounting principles (GAAP) then applicable to the Institution, and excluding (i) any gains resulting from either the extinguishment of indebtedness, the sale, exchange or other disposition of capital assets not in the ordinary course of business, (ii) earnings resulting from any reappraisal, revaluation or write-up or write-down of fixed or capital assets, and (iii) any realized gains or losses on the sale of investments or interest exchange agreements.

The Institution's historical Debt Service Coverage Ratio for the past five years is presented in the table below.

	2010	2011	2012	2013	2014
Total Unrestricted Operating Revenues	$44,720,917	$46,709,666	$49,704,197	$51,081,312	$50,582,084
Operating Expenses Less Depreciation, Amortization and Accretion, and Interest	32,678,867	35,880,100	38,160,162	40,145,586	40,944,605
Operating Revenues Available For Debt Service	$12,042,050	$10,829,566	$11,544,035	$10,935,726	$9,637,479
Annual Debt Service	$1,624,041	$2,042,166*	$1,429,545	$1,372,211	$1,427,833
Debt Service Coverage Ratio	7.4x	5.3x	8.1x	8.0x	6.7x

** 2011 annual debt service included an additional $600,000 paid to redeem bonds related to the sale of the Institution's mortgaged property.*

Additional Long-Term Indebtedness

The Institution shall covenant in the Guaranty that it shall not incur additional Long-Term Indebtedness unless the Institution shall provide to the Trustee a certificate of an Authorized Representative of the Institution containing pro forma calculations demonstrating that (A) the Maximum Annual Debt Service on all outstanding and proposed Long-Term Indebtedness is less than ten percent (10%) of the Institution's Unrestricted Operating Revenues as stated in the most recently available audited financial statements of the Institution and (B) the Institution maintains a Debt Service Coverage Ratio of 1.0 on a pro-forma basis, such that Operating Revenues Available for Debt Service based on the Institution's most recently available audited financial statements are at least 1.0x Maximum Annual Debt Service, including proposed Long-Term Indebtedness.

THE ISSUER

Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the "Enabling Act") (A) authorizes municipalities to cause a not-for-profit local development corporation to be incorporated by public officers for, among other things, the public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government and acting in the public interest, (B) declares that in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, such corporations will be performing essential governmental functions, and (C) authorizes each such corporation to acquire real and personal property, to borrow money and issue negotiable bonds, notes and other obligations therefore, and to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine and otherwise carry out its corporate purposes in the territory in which the operations of such corporation are principally to be conducted.

As provided in the Enabling Act, the Issuer is authorized and empowered to issue, execute and deliver the Series 2014A Bonds; to lend the proceeds of the Series 2014A Bonds to the Institution pursuant to the Loan Agreement; to secure the Series 2014A Bonds by a pledge of the moneys payable by the Institution under the Loan Agreement; and to execute and deliver the Series 2014 Indenture and the Loan Agreement.

On July 24, 2014, the Issuer approved the scheduling of a public hearing relating to the issuance of the Series 2014A Bonds. On September 10, 2014, the Issuer held a public hearing, in compliance with the provisions of Section 147(f) of the Code, with respect to the issuance of the Series 2014A Bonds, following the timely publication of notice of the hearing. By a resolution duly adopted by the Issuer on September 18, 2014, the Issuer approved the execution, issuance and delivery of the Series 2014A Bonds and the execution and delivery of the Series 2014 Indenture and the Loan Agreement. The Series 2014A Bonds are limited obligations of the Issuer payable solely from the moneys and securities held by the Trustee under the Series 2014 Indenture and the security provided by the Loan Agreement, the Series 2014 Assignment and the Guaranty. Neither the Issuer nor its members or officers are personally liable with respect to the Series 2014A Bonds. Accordingly, no financial information with respect to the Issuer or its members or officers has been included in this Official Statement.

THE ENABLING ACT PROVIDES THAT THE SERIES 2014A BONDS OF THE ISSUER SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF ALBANY, NEW YORK AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF ALBANY, NEW YORK SHALL BE LIABLE THEREON.

THE SERIES 2014A BONDS

Description of the Series 2014A Bonds

The Series 2014A Bonds will be issued pursuant to the Series 2014 Indenture. The Series 2014A Bonds will be dated the date of delivery, and will bear interest from such date (payable on December 1, 2014 and on each June 1 and December 1 thereafter until final maturity thereof) at the rates set forth on the inside cover page of this Official Statement.

The Series 2014A Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Series 2014A Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2014A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2014A Bonds, the Series 2014A Bonds will be exchangeable for other fully registered certificated Series 2014A Bonds in any authorized denominations, maturity and interest rate. See "Book-Entry Only System" herein. The Trustee may impose a charge sufficient to reimburse the Issuer or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2014A Bond. The cost, if any, of preparing each new Series 2014A Bond issued upon such exchange or transfer, and any other expenses of the Issuer or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer.

The principal of, and premium, if any, on the Series 2014A Bonds shall be payable in lawful money of the United States of America at the Office of the Trustee, or of its successor in trust. Interest on Series 2014A Bonds due on any Bond Payment Date shall be payable to the Person in whose name such Series 2014 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted payments, which shall be fixed in the following manner. The Trustee shall determine the amount of defaulted payments to be paid on each Bond and establish the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and money in the aggregate amount of the proposed defaulted payments shall be segregated by the Trustee to be held in trust for the benefit of the Persons entitled to such defaulted payments as in this subsection provided and not to be deemed part of the Trust Revenues. Thereupon, the Trustee shall fix a Special Record Date for the payment of such defaulted payments, which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment. The Trustee shall promptly notify the Issuer and the Institution of such Special Record Date and shall cause notice of the proposed payment of such defaulted payments and the Special Record Date therefor to be mailed one time, first-class postage prepaid, to each registered Owner of a Bond at his address as it appears in the bond register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such defaulted payments and the Special Record Date therefor having been mailed as aforesaid, such defaulted payments shall be paid to the Persons in whose names the Bonds are registered on such Special Record Date.. As long as the Series 2014A Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Book-Entry Only System" herein.

Any Series 2014A Bond shall be transferable only on the registration books of the Issuer maintained by the Trustee, as Bond Registrar. Upon surrender of the Series 2014 Bond at the office of the Trustee, duly endorsed for transfer by the Owner or his duly authorized legal representative in the form imprinted on the Series 2014 Bond or in such other form as is satisfactory to the Trustee and in either case accompanied by a guaranty of signature to the Trustee, the Issuer will execute and the Trustee will authenticate and deliver in exchange for such Series 2014 Bond a new registered Series 2014 Bond or Bonds, registered in the name of the transferee or transferees thereof.

Redemption Provisions

Extraordinary Redemption Without Premium

The Series 2014A Bonds are subject to redemption prior to maturity by the Issuer at the request of the Institution (1) in whole, but not in part, without premium or penalty, in the event of (a) a taking in Condemnation of, or failure of title to, all or substantially all of the Initial Project Facility, or (b) damage to or destruction of part or all of the Initial Project Facility, or (c) a taking by Condemnation of part of the Initial Project Facility, or (iii) a taking by Condemnation of part of the Initial Project Facility; or (2) as a whole, without premium, in the event that (a) the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as a result of any change in the United States Constitution or legislative or administrative action (whether state or federal), or by final decree or judgment of any court or administrative body, or (b) the Institution certifies that unreasonable burdens or excessive liabilities have been imposed on the Institution or its property, including, without limitation, taxes not being imposed on the date of the Loan Agreement, or (3) in part, without premium, (a) in the event that (i) excess moneys remain in the Insurance and Condemnation Fund following damage or condemnation of a portion of the Initial Project Facility and completion of the repair, rebuilding or restoration of the Initial Project Facility, and (ii) such excess moneys are not paid to the Institution , (b) in the event that excess moneys remain in the Project Fund after such completion, or (c) in the event that excess proceeds of recoveries from contractors are applied to redeem Series 2014A Bonds, in each case to the extent of such excess. In any such event, the Series 2014A Bonds shall be redeemed at a Redemption Price equal to 100% of the aggregate principal amount of the Series 2014A Bonds to be redeemed plus interest accrued thereon to the Redemption Date, without premium.

The Trustee shall call the applicable Series 2014A Bonds for redemption pursuant to the paragraph above within sixty (60) days of the Trustee's receipt of notice from the Institution pursuant to the Loan Agreement directing such redemption.

Mandatory Sinking Fund Redemption Without Premium

The Series 2014A Bonds maturing on December 1, 20____ shall be subject to mandatory redemption on the dates and in the amounts set forth in the following table, each at a Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the Redemption Date:

Sinking Fund Payment Dates	Sinking Fund Payment Amounts

*Final Maturity

Not less than thirty (30) days nor more than sixty (60) days next preceding a Sinking Fund Payment Date, the Trustee shall select for redemption on such date a principal amount of the Series 2014A Bonds subject to redemption, in an amount not exceeding that necessary to complete the retirement of an aggregate principal amount of the Series 2014A Bonds equal to such Sinking Fund Redemption Amount, as of such Sinking Fund Redemption Date. Accrued interest and principal on the Series 2014A Bonds so redeemed shall be paid from Bond Fund, and all expenses in connection with such redemption shall be paid by the Institution. The Series 2014A Bonds shall be redeemed in the manner provided in the Series 2014 Indenture. The Institution may, at its election upon delivery to the Trustee of a certificate signed by an Authorized Representative of the Institution , apply as a credit against the aggregate principal amount of the Series 2014A Bonds subject to redemption on such Sinking Fund Redemption Date the principal amount of the Series 2014A Bonds of the same maturity acquired by the Institution and delivered to the Trustee for cancellation not less than ninety (90) days prior to such Sinking Fund Redemption Date, or redeemed otherwise than pursuant to an optional redemption as provided in the Series 2014 Indenture which has not theretofore been used for the purposes of any such credit.

Optional Redemption

The Series 2014A Bonds maturing on or after December 1, 2024 are subject to redemption by the Issuer at the option of the Institution on or after December 1, 2024, in whole at any time or in part (in denominations of $5,000 or any integral multiple thereof) on any Bond Payment Date, at the Redemption Price of 100%, plus accrued interest to the Redemption Date.

The Trustee shall call the Series 2014A Bonds for redemption pursuant to the Series 2014 Indenture upon receipt of notice from the Issuer, or the Institution on behalf of the Issuer, directing such redemption, which notice shall be sent to the Trustee at least sixty (60) days prior to the Redemption Date and shall specify (i) the principal amount of the Series 2014A Bonds to be called for redemption and (ii) the Redemption Price. The Issuer shall direct the Trustee to call the Series 2014A Bonds for optional redemption when and only when it shall have been notified by the Institution to do so, the Institution has itself notified the Trustee of a corresponding prepayment under the Loan Agreement and the amount of such prepayment shall have been delivered to the Trustee for deposit into the Bond Fund.

Notice of Redemption

When the Series 2014A Bonds are to be redeemed pursuant to the Series 2014 Indenture, the Trustee shall give notice of the redemption of the Series 2014A Bonds in the name of the Issuer and at the expense of the Institution stating: (1) the Series 2014A Bonds to be redeemed (including the CUSIP number); (2) the Redemption Date; (3) except as provided otherwise in the Series 2014 Indenture, that the

Series 2014A Bonds will be redeemed at the Office of the Trustee; (4) that on the Redemption Date there shall become due and payable upon each Series 2014 Bond to be redeemed the Redemption Price thereof and (5) that from and after the Redemption Date interest thereon shall cease to accrue.

The Trustee shall mail a copy of the notice required by the Series 2014 Indenture, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date, to each Holder at the address of such Holder appearing on the registration books of the Issuer. Such mailing shall not be a condition precedent to such redemption, and failure to so mail any such notice to any of such Holders shall not affect the validity of the proceedings for the redemption of the Series 2014A Bonds.

Payment of Redeemed Series 2014A Bonds

After notice shall have been given in the manner provided in the Series 2014 Indenture, the Series 2014A Bonds or portions thereof called for redemption shall become due and payable on the Redemption Date so designated. Upon presentation and surrender of such Series 2014A Bonds at the Office of the Trustee, or as otherwise provided in the Series 2014 Indenture, such Series 2014A Bonds shall be paid at the Redemption Price, plus accrued interest to the Redemption Date.

If, on the Redemption Date, moneys for the redemption of the Series 2014A Bonds or portions thereof to be redeemed, together with interest thereon to the Redemption Date, shall be held by the Trustee in the Bond Fund so as to be available therefor on such date, the Series 2014A Bonds or portions thereof so called for redemption shall cease to bear interest, and such Series 2014A Bonds or portions thereof shall no longer be Outstanding under the Series 2014 Indenture or be secured by or be entitled to the benefits of the Series 2014 Indenture. In the event the Owner fails to present or surrender its Series 2014A Bonds on the Redemption Date, the Trustee shall deposit such moneys in a separate non-interest bearing account, in trust for the benefit of such Owner, and the funds held in such account shall not be invested by the Trustee. If such moneys shall not be available on the Redemption Date, such Series 2014A Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of the Series 2014 Indenture; additionally, the Trustee shall within fifteen (15) days after the proposed Redemption Date notify all affected Holders that the redemption has been revoked.

Partial Redemption of Series 2014A Bonds.

Upon surrender of the Series 2014A Bonds for redemption in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder thereof a new Series 2014 Bond or Series 2014A Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2014A Bonds surrendered.

Selection of Series 2014A Bonds to be Called for Redemption.

If less than all the Series 2014A Bonds are to be redeemed, the Series 2014A Bonds to be called for redemption shall be selected by lot. In the case of a Series 2014 Bond of a denomination greater than $5,000, the Trustee shall treat each such Series 2014 Bond as representing such number of separate Series 2014A Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2014 Bond by $5,000.

Book Entry Only System

The information under this heading has been furnished by The Depository Trust Company ("DTC"), New York, New York. Neither the Issuer nor the Institution makes any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2014A Bonds. The Series 2014A Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Series 2014A Bonds in the aggregate principal amount of the Series 2014A Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2014A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014A Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Series 2014A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2014A Bonds, except in the event that use of the book-entry system for the Series 2014A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2014A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2014A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2014A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, Sinking Fund Payments for, Redemption Price, if any, of and interest payments on the Series 2014A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuer, or Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2014A Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Institution takes any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Series 2014A Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2014A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2014A Bonds.

THE ISSUER, THE INSTITUTION AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2014A BONDS UNDER THE INDENTURE; (iii) THE SELECTION BY

DTC OR ANY DIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2014A BONDS; (iv) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2014A BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2014A BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE OPERATION OF THE BOOK-ENTRY SYSTEM.

SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2014A BONDS

Payment of the Series 2014A Bonds

The Series 2014A Bonds will be special obligations of the Issuer. The principal, Sinking Fund Payments and Redemption Price of and interest on the Series 2014A Bonds are payable solely from the revenues received by the Issuer pursuant to the Loan Agreement and the Series 2014A Bonds and all funds and accounts (excluding the Rebate Fund) established by the Series 2014 Indenture. Pursuant to the Loan Agreement, the Institution is obligated to make installment payments sufficient to fund debt service payments on the Series 2014A Bonds. The aforementioned revenues consist of the payments required to be made by the Institution under the Loan Agreement with respect to the Series 2014A Bonds on account of the principal, Sinking Fund Payments and Redemption Price of and interest on such Series 2014A Bonds. The revenues have been assigned to the Trustee for the benefit of the holders of the Series 2014A Bonds.

The Institution's payment obligations under the Loan Agreement are general obligations of the Institution. The Loan Agreement obligates the Institution to make monthly payments in amounts sufficient to fund, among other things, the annual principal and Sinking Fund Payments of and the semi-annual interest on the Outstanding Series 2014A Bonds as they become due.

The Issuer has directed the Institution, and the Institution has agreed to make such payments directly to the Trustee. Any payments made on the Series 2014A Bonds shall also be made directly to the Trustee. The aggregate payments made by the Institution under the Loan Agreement shall equal the debt service on the Series 2014A Bonds, and all of such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Payments and Redemption Price of and interest on the Series 2014A Bonds.

Security for the Series 2014A Bonds

General

The Series 2014A Bonds will be secured by (1) all moneys and securities held from time to time by the Trustee for the Owners of such Series 2014A Bonds pursuant to the Series 2014 Indenture and all Bond proceeds prior to disbursement pursuant to the terms of the Series 2014 Indenture, but excepting monies held in the Rebate Fund, (2) the Loan Agreement, and (3) the Series 2014 Assignment. Further, the payment obligations of the Institution under the Series 2014A Bonds by the mortgage lien on and security interest in the Mortgaged Property under the Mortgage.

The Pledge and Security Agreement

Further, the payment obligations of the Institution under the Loan Agreement is secured by a pledge and security interest in the Pledged Revenues of the Institution pursuant to the Pledge and Security Agreement. The Pledged Revenues consist of the tuition and fees of the Institution, and the right to receive the same and the proceeds thereof. Pursuant to the Pledge and Security Agreement, the lien on the Pledged Revenues is on a parity basis with a pledge granted to certain bondholders as set forth in the Intercreditor Agreement.

The Intercreditor Agreement

The Institution's outstanding indebtedness includes the City of Albany Capital Resource Corporation Tax-Exempt Revenue Refunding Bonds (Albany College of Pharmacy and Health Sciences Project), Series 2014B (the "Series 2014B Bonds"). As stated above, the Series 2014A Bonds are secured in part by the pledge and assignment to the Trustee of a security interest in the Institution's Pledged Revenues. However, pursuant to the Intercreditor Agreement, the Series 2014B Bonds are also secured by a parity lien on the Pledged Revenues. Specifically, the Trustee and NBT Bank, National Association, as holder of the Series 2014B Bonds (the "Series 2014B Bonds Bondholder"; and, together with the Trustee, the "Creditors") have entered into the Intercreditor Agreement. The Intercreditor Agreement provides, among other things, that upon the occurrence of an event of default and by any of the Creditors under any of the Financing Documents, any claim held by each of the Creditors with respect to the Pledged Revenues and Proceeds (as hereinafter defined) derived therefrom shall be *pari passu* (i.e., equal and ratable in right without regard to order of priority); the interests of each of the Creditors being co-equal and in proportion to the then unpaid outstanding principal amount of the Series 2014A Bonds and the Series 2014B Bonds (net of any cash or investments held as security therefor), regardless of whether or not each such Creditor has accelerated repayment of such principal amount of the Bonds held by the respective Creditor. The Institution by signing the Intercreditor Agreement agrees, without impairing or otherwise limiting any other rights of any of the Creditors, that the occurrence of an event of default under any financing documents executed in connection with the Bonds shall constitute an event of default under all of the other financing documents executed in connection with the Bonds, and each Creditor shall thereafter have the right, upon notice to the College, to accelerate repayment of the Bonds and the payment of all sums due and owing under the financing documents executed in connection with the Bonds.

Following an event of default, if either Creditor receives or recovers any payment, directly or indirectly, from the Institution or otherwise, on account of the Pledged Revenues, whether by voluntary payment by the Institution, by judicial process, by set off or by any other means, including receipt or collection of Pledged Revenues (collectively, the "Proceeds"), such Proceeds shall be applied as follows: first to the recovery of such Creditor's costs, fees and expenses of collection, including reasonable fees directly related to such recovery; and second on a *pari passu* basis to the respective Creditors in accordance with the Intercreditor Agreement. All such Proceeds from the Pledged Revenues received by the respective Creditor shall be held in trust, in a separate account segregated from any other funds held by any Creditor and shall be promptly paid to the respective Creditor within two weeks from receipt thereof. After the payment to the Creditor of their respective share due under the Intercreditor Agreement, each Creditor shall apply such sums in accordance with the respective financing documents. As used in this Agreement the term "Proceeds" shall include all set offs of deposit or investment accounts held by a Creditor, other than accounts held by a Creditor as a fiduciary including any funds held by a Trustee pursuant to the terms of the applicable financing documents executed in connection with the Bonds.

If the Institution issues, incurs or assumes long-term indebtedness secured by a lien on Pledged Revenues pursuant to additional financing documents, any holder of such parity obligation shall be required to become a party to the Intercreditor Agreement and to subject the net proceeds of any recovery of proceeds realized from any additional collateral to the terms of the Intercreditor Agreement.

Mortgage

The obligations of the Institution under the Series 2014 Indenture and the Series 2014A Bonds issued thereunder are further secured by a mortgage lien on and security interest in the Mortgaged Property pursuant to the Mortgage.

Guaranty

Under the Guaranty, the Institution will guaranty performance under the Loan Agreement, including making all Loan Payments thereunder, and the Issuer's obligation to repay the Series 2014A Bonds.

THE INSTITUTION

The Institution is a New York not-for-profit corporation of higher learning, located in the City of Albany, New York. The Institution was founded in 1881 and is authorized by the Board of Regents of the State of New York to operate as a college and all its programs of study leading to degrees and credit-bearing certificates are approved according to standards of academic quality in the Regulations of the Commissioner of Education. Additionally, the Institution is accredited by the Middle States Commission on Higher Education; the Doctor of Pharmacy program is accredited by the Accreditation Council for Pharmacy Education; the Clinical Laboratory Sciences program is accredited by the National Accrediting Agency for Clinical Laboratory Sciences; and the M.S. in Cytotechnology and the Molecular Cytology program is accredited by the Commission on Accreditation of Allied Health Education Programs. *See* "Appendix A - Albany College of Pharmacy and Health Sciences" for a more complete description of the Institution.

THE PLAN OF FINANCE

The proceeds of the Series 2014A Bonds will be made available to the Institution and, together with other available funds, will be used to undertake the following project (the "Series 2014 Project"): (A) the refinancing, in whole, of the following outstanding revenue bonds issued by the City of Albany Industrial Development Agency: (1) Civic Facility Revenue Bonds (Albany College of Pharmacy Project), Series 2004A in the original aggregate principal amount of $14,000,000 (the "Series 2004A Bonds"), and (2) Civic Facility Revenue Bonds (Albany College of Pharmacy Project) in the original aggregate principal amount of $8,000,000 (the "Series 2004B Bonds", and collectively with the Series 2004A Bonds, the "Series 2004 Bonds"), which Series 2004 Bonds were issued to finance the Series 2004 Project (see "INTRODUCTION" – "Purpose of the Issue" herein); (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, in an amount presently estimated to be approximately $19,500,000 and in any event not to exceed $20,500,000; (C) paying a portion of the costs incidental to the issuance of the Series 2014A Bonds, including issuance costs of the Series 2014A Bonds and any reserve funds as may be necessary to secure the Series 2014A Bonds and (D) the making of a loan of the proceeds of the Series 2014A Bonds to the Institution or such other person as may be designated by the Institution and agreed upon by the Issuer.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds (exclusive of accrued interest) related to the Series 2014A Bonds:

Sources of Funds		Series 2014A Bonds
Principal Amount*	$	
Reoffering Premium		
Net Proceeds*	$	17,810,000
Prior Debt Service Reserve Fund		
Total Sources of Funds	$	
Uses of Funds		
Deposit to Project Fund	$	
Cost of Issuance (1)		
Total Uses of Funds		

(1) Includes, but is not limited to, costs of issuance for the Issuer, counsel fees, printing, Trustee fees, Underwriter's Discount, Financial Advisors and related expenses

* Preliminary, subject to change

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each Institution fiscal year ending June 30, the estimated amounts required each year to be made available for the payment of debt service by the Institution with respect to the Series 2014A Bonds, and includes estimated debt service for the Series 2014B Bonds:

	Series 2014A Bonds			Series 2014B Bonds			
Year Ending June 30	Principal [1]	Interest	Debt Service[1]	Principal	Interest[2]	Debt Service[1]	Total Aggregate Debt Service[1]
2015							$476,974
2016	$565,000						1,514,084
2017	570,000						1,533,726
2018	590,000						1,568,733
2019	605,000						1,586,409
2020	625,000						1,609,240
2021	650,000						1,635,021
2022	675,000						1,657,499
2023	700,000						1,669,712
2024	735,000						1,689,870
2025	760,000						1,677,731
2026	800,000						1,681,403
2027	840,000						1,692,648
2028	880,000						1,696,942
2029	925,000						1,701,864
2030	975,000						1,710,412
2031	1,020,000						1,710,876
2032	1,070,000						1,719,056
2033	1,125,000						1,727,428
2034	1,180,000						1,728,799
2035	1,235,000						1,738,021
2036							490,483
2037							502,321
2038							507,886
2039							521,253

1 Preliminary, subject to change.

2 Assumes LIBOR rates of less than 1% in fiscal year 2015, 1-2% in fiscal years 2016-2018, 2-2.9% in fiscal years 2019-2038 and bank credit charges.

BONDHOLDER'S RISKS

In addition to matters discussed elsewhere herein, the following factors may have a material effect on the operations of the Institution to an extent that cannot be determined at this time. Prospective purchasers of the Series 2014A Bonds should give careful consideration to the matters referred to in the following summary. Such summary is not intended to be exhaustive, but rather to summarize certain matters which could affect payment of the Series 2014A Bonds, in addition to other risks described throughout this Official Statement.

General

The Series 2014A Bonds are not a debt or liability of the State of New York or any political subdivision thereof (including the City of Albany, New York), but are special and limited obligations of the Issuer payable solely from the amounts payable by the Institution pursuant to the Loan Agreement and the funds and accounts held by the Trustee pursuant to the Series 2014 Indenture (except the Rebate Fund) and certain investment income thereon. The Issuer has no taxing power. No representation or assurance can be made that such payments will be realized from the Institution in amounts sufficient to provide funds for payment of debt service on the Series 2014A Bonds when due and to make other payments necessary to meet the obligations of the Institution. Further, there is no assurance that the revenues of the Institution sufficiently to match increased costs that may be incurred.

The ability of the Institution to generate revenues sufficient to provide for the payment of debt service on the Series 2014A Bonds and the Institution's other obligations is subject to, among other things, the capabilities of the management of the Institution, operating costs, changes in the economic conditions in the Institution's service area, competition, government regulation and licensing requirements, and future economic and other conditions (including the impact of inflation or recession), which are unpredictable and may not be determinable at this time. The ability of the Institution to operate successfully over the life of the Series 2014A Bonds may be dependent upon its ability to finance, acquire and support additional capital replacements and improvements, which may be affected by legislation and regulations.

Risks of Early Payment

The Series 2014A Bonds may be paid prior to maturity upon optional, mandatory or special redemption (as described under "THE SERIES 2014A BONDS" herein) and upon an acceleration following the occurrence of certain Events of Default under the Series 2014 Indenture and the Loan Agreement. If the Series 2014A Bonds become due upon an acceleration, interest on the Series 2014A Bonds will cease to accrue on the date of the accelerated payment and no premium would be payable.

Competition

Competition from both public and private institutions of higher education located elsewhere in New York and the United States, and other factors outside the control of the Institution, may decrease enrollment at the Institution.

No Debt Service Reserve Fund

The payment of principal of, redemption price of and interest on the Series 2014A Bonds will not be secured by a debt service reserve fund.

Intercreditor Agreement

Although the Series 2014A Bonds are secured in part by the assignment to the Trustee of a security interest in the Institution's Pledged Revenues, pursuant to the Pledge and Security Agreement, the Series 2014B Bonds are also secured by a parity lien on the Pledged Revenues. The Intercreditor Agreement provides, among other things, that upon the occurrence of an event of default and by any of the Creditors under any of the Financing Documents, any claim held by each of the Creditors with respect to the Pledged Revenues and Proceeds (as hereinafter defined) derived therefrom shall be *pari passu* (i.e., equal and ratable in right without regard to order of priority); the interests of each of the Creditors being co-equal and in proportion to the then unpaid outstanding principal amount of the Series 2014A Bonds and the Series 2014B Bonds (net of any cash or investments held as security therefor), regardless of whether or not each such Creditor has accelerated repayment of such principal amount of the Bonds held by the respective Creditor.

Financial Assistance

The amount of available financial assistance is a significant factor in the decision of many students to attend the Institution. Approximately 91% of the Institution's students receive need-based aid in the form of grants, loans or campus employment. In addition to scholarships provided by the Institution, students secure grant and loan support from a variety of other sources, including the State and the Federal governments. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number of students enrolling at the Institution.

Changes in Law

Changes in law may impose new or added financial or other burdens on the operations of the Institution. Developments may include: (i) legislative or regulatory requirements for maintaining status as an organization exempt from taxation as described in Section 501(c)(3) of the Code or (ii) challenges to State and local exemptions from real property tax and other taxes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations will not materially adversely affect the operations and financial condition of the Institution by requiring it to pay income or real property taxes (or other ad valorem taxes).

See also "TAX MATTERS" for a discussion of risks associated with changes to the Code or State tax law that might affect the Series 2014A Bonds.

Event of Taxability

If the Institution does not comply with certain covenants set forth in the Loan Agreement or if certain representations or warranties made by the Institution in the Loan Agreement or in certain certificates of the Institution are false or misleading, the interest paid or payable on the Series 2014A Bonds may become subject to inclusion in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014A Bonds, regardless of the date on which such noncompliance or misrepresentation is ascertained. In the event that the interest on the Series 2014A Bonds becomes subject to inclusion in gross income for federal income tax purposes, the Indenture does not provide for payment of any additional interest on the Series 2014A Bonds, the redemption of the Series 2014A Bonds or the acceleration of the payment of principal on the Series 2014A Bonds.

Maintenance of 501(c)(3) Status

The federal tax-exempt status of the Series 2014A Bonds presently depends upon maintenance by the Institution of its status as an organization described in Section 501(c)(3) of the Code. The Institution qualifies as a tax-exempt organization described in Section 501(c)(3) of the Code. To maintain such status, the Institution must conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Institution to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2014A Bonds.

Although the Institution has covenanted to maintain its status as a tax-exempt organization, loss of tax-exempt status would likely have a significant adverse effect on such organization and its operations and could result in the includability of interest on the Series 2014A Bonds in gross income for federal income tax purposes retroactive to their date of issue. See "TAX MATTERS" herein.

The tax-exempt status of nonprofit corporations, and the exclusion of income earned by them from taxation, has been the subject of review by various federal, state and local legislative, regulatory and judicial bodies. This review has included proposals to broaden and strengthen existing federal tax law with respect to unrelated business income of nonprofit corporations.

There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Institution by requiring it to pay income, real estate or other taxes.

Tax Audits

Taxing authorities have recently been conducting tax audits on non-profit organizations to confirm that such organizations are in compliance with applicable tax rules and in some instances have collected significant payments as part of the settlement process. The Institution is not currently under audit.

Secondary Market for the Series 2014A Bonds

There can be no assurance that there will be a secondary market for purchase or sale of the Series 2014A Bonds. From time to time there may be no market for the Series 2014A Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the Institution's capabilities and the financial condition and results of operations of the Institution.

Default by the Institution or the Issuer

THE SERIES 2014A BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER SOLELY FROM THE PAYMENTS TO BE MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED THEREFOR UNDER THE SERIES 2014 INDENTURE.

No representations or assurances can be given that either the Institution (or a replacement operator of any of the Facilities) or the Issuer will not default in performing their respective obligations under the Series 2014 Indenture, the Loan Agreement. If an Event of Default occurs under the Series 2014 Indenture, the Trustee may, and upon direction of the Holders of at least 51% of the Series 2014A Bonds Outstanding under the Series 2014 Indenture, shall accelerate the maturity of the Series 2014A Bonds and interest will cease to accrue on the date of acceleration, notwithstanding the fact that such Holders may not receive notice of such acceleration until after such date. In addition, no premium will be received upon an acceleration of the Series 2014A Bonds due to a default.

Enforceability of Remedies; Bankruptcy

The Series 2014A Bonds are payable from the sources of payment and security described in "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2014A BONDS" herein. Upon a default, the practical realization of value from the collateral described therein upon any default will depend upon the exercise of various remedies specified by the Series 2014 Indenture, the Mortgage and the Loan Agreement. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Series 2014 Indenture, the Mortgage, the Series 2014A Bonds and the Loan Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The legal opinions to be delivered concurrently with the delivery of the Series 2014A Bonds will be qualified as to the enforceability of the various legal instruments due to limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

The rights and remedies of the Bondholders are subject to various provisions of the United States Bankruptcy Code, New York Not-for-Profit Corporation Law, and other statutory and judicial insolvency laws. If the Institution were to seek relief under the foregoing laws (or if an insolvency proceeding or action is commenced against the Institution) a plan of dissolution could be adopted that could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. In addition, a bankruptcy proceeding would create an automatic stay of the commencement or termination of any judicial or other proceeding against the Institution or its property. A similar stay is available in State-law insolvency proceedings.

Redemption or Acceleration of Series 2014A Bonds Without Premium

As described in this Official Statement, there are certain instances where the Series 2014A Bonds may be redeemed or accelerated without payment of premium to the Holders. The instances described in this Official Statement include the occurrence of an Event of Default under the Series 2014 Indenture. (See the sections herein entitled "THE SERIES 2014A BONDS" and "Appendix D - Summary of Certain Provisions of the Series 2014 Indenture").

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Series 2014A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code; except that (a) the Institution or another Person, by failing to comply with the requirements contained in the Code, may cause interest on the Series 2014A Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Series 2014A Bonds is included in the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code; and (2) so long as interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2014A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Tax Requirements

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Series 2014A Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the Tax Regulatory Agreement and the other Financing Documents establish requirements and procedures, compliance with which will satisfy the Tax Requirements. Bond Counsel does note, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2014A Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution . The Tax Requirements referred to above, which must be complied with in order that interest on the Series 2014A Bonds remain excluded from gross income for federal income tax purposes, include, but are not limited to:

(1) The requirement that at least ninety-five percent (95%) of the net proceeds of the Series 2014A Bonds (i.e., proceeds of the issue minus amounts invested in a reasonably required reserve or replacement fund) actually expended, be expended for facilities owned and used exclusively by state or local governmental units or one or more Section 501(c)(3) organizations in a trade or business related to the Section 501(c)(3) organization's purposes (such costs are hereinafter referred to as "Qualified Costs"). In computing the net proceeds of the Series 2014A Bonds, the costs of issuance shall not be treated as spent on Qualified Costs, and therefore must be paid from the so-called five percent (5%) "bad money" portion of the issue. The Institution , in the Tax Regulatory Agreement, has indicated that at least ninety-five percent (95%) of the net proceeds of the Series 2014A Bonds will be spent on Qualified Costs.

(2) The requirement that not more than two percent (2%) of the proceeds of the Series 2014A Bonds be utilized to finance the costs of the issuance of the Series 2014A Bonds. The Institution has indicated in the Tax Regulatory Agreement that not more than two percent (2%) of the proceeds of the Series 2014A Bonds will be utilized to finance the costs of issuance of the Series 2014A Bonds.

(3) The requirements contained in Section 148 of the Code relating to arbitrage bonds, including but not limited to the requirement that, unless the Institution satisfies one of the applicable exceptions provided by Section 148 of the Code, the excess of all amounts earned on the investment of the Gross Proceeds of the Series 2014A Bonds over that which would have been earned on such Gross Proceeds had such Gross Proceeds been invested at a Yield equal to that on the Series 2014A Bonds, and any investment income earned on such excess, be rebated to the United States. The Institution has agreed in the Tax Regulatory Agreement and in the Loan Agreement to comply with the requirements of Section 148 of the Code.

(4) The requirement that the Initial Project Facility not be used for a purpose prohibited under Section 147(e) of the Code (relating to, among others, any health club facility, facility primarily used for gambling, or store, the principal business of which is the sale of alcoholic beverages for consumption off premises).

(5) The requirement contained in Section 149(b) of the Code that payment of principal or interest on the Series 2014A Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

You should also be advised that the Series 2014A Bonds are subject to, among others, the following provisions contained in the Code:

(1) interest paid by certain financial institutions on debt allocable to the cost of acquiring and carrying the Series 2014A Bonds is not deductible from Federal income taxation;

(2) interest on the Series 2014A Bonds, if held by certain foreign corporations, may also be subject to a branch profits tax of up to 30%; and

(3) a property and casualty insurance company's deduction for losses incurred is reduced by 15% on tax-exempt income received from the Series 2014A Bonds.

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Other Impacts

Prospective purchasers of the Series 2014A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Series 2014A Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Series 2014A Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

Payments of interest on tax-exempt obligations, including the Series 2014A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an Owner of the Series 2014A Bonds is subject to backup withholding under these requirements, then payments of interest will also be subject to backup withholding. These requirements do not affect the exclusion from gross income of the interest on the Series 2014A Bonds for federal income tax purposes.

In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2014 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2014A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the IRS.

Future Legislation or Other Post-Issuance Events

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New York State Legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of the Series 2014A Bonds. There can be no assurance that legislation enacted or proposed or actions by a court after the date of issuance of the Series 2014A Bonds will not have an adverse effect on the tax status of the interest on the Series 2014A Bonds or the market value or marketability of the Series 2014A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in benefit) of the exclusion of the interest on the Series 2014A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced in the Senate on September 13, 2011, and the federal budget for 2014 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Series 2014A Bonds, if they have incomes above certain thresholds. Additionally, in connection with the current federal budget situation (the so-called "fiscal cliff") other tax reform proposals have been put forth by various legislators and other groups that would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds. Although any pending bills expire at the end of each session of Congress, similar or alternative revenue-raising proposals may be introduced in the next session of Congress.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the market value or the marketability of the Series 2014A Bonds or the tax consequences of ownership of the Series 2014A Bonds.

Prospective purchasers of the Series 2014A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2014A Bonds at other than their original issuance at the respective prices set indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2014A Bonds ends with the issuance of the Series 2014A Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2014A Bonds may affect the tax status of interest on the Series 2014A Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the owners of the Series 2014A Bonds regarding the tax status of the interest thereon in the event of an audit examination by the IRS. If the IRS does audit the Series 2014A Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Series 2014A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action by the IRS, including but not limited to the selection of the Series 2014A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may alter the market value or marketability of the Series 2014A Bonds.

Premium Bonds

Certain maturities of the Series 2014A Bonds may be initially offered to the public at prices greater than the principal amount thereof payable at maturity. If Series 2014A Bonds are sold at prices in excess of their principal amount ("Premium Bonds"), the excess of such issue price over the stated redemption price at maturity (the principal amount) constitutes amortizable bond premium which, as it amortizes, will reduce the holder's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Generally, under this method, the portion of bond premium which amortizes in a taxable year will increase from taxable year to taxable year in a geometrical progression over the term of the Premium Bonds. The premium amortized in a taxable year reduces the amount of tax-exempt interest received or accrued in such year; however, if the premium amortized exceeds the stated tax-exempt interest for such year, the excess is not deductible in determining taxable income. Holders of Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the Holder and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

New York State Taxes

In the opinion of Bond Counsel, so long as interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, interest on the Series 2014A Bonds is exempt, under existing statutes, from New York State and New York City personal income taxes.

Tax Risks - Loss of Federal Tax Exemption

As described above, interest on the Series 2014A Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2014A Bonds that violate the requirements and limitations prescribed by the Code. Although the Institution has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2014A Bonds may be deemed to be taxable from the date of issuance. The Series 2014A Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the Bondholders or former Bondholders to compensate the Bondholders for any losses they may incur as a result of the interest on the Series 2014A Bonds becoming subject to federal income taxation.

Form of Opinion of Bond Counsel

The form of the approving opinion of Bond Counsel is attached hereto as Appendix G. See "Form of Bond Counsel Opinion" in APPENDIX G.

ALL PROSPECTIVE PURCHASERS OF THE SERIES 2014A BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE SERIES 2014A BONDS.

UNDERWRITING

The Series 2014A Bonds are being purchased by Oppenheimer & Co. Inc., the Underwriter, who has agreed to purchase the Series 2014A Bonds at an aggregate underwriting discount of $[__________] from the public offering prices set forth on the cover page hereof. The Underwriter may offer and sell the Series 2014A Bonds to certain dealers (including dealers depositing Series 2014A Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The purchase of the Series 2014A Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all the Series 2014A Bonds, if any are purchased. The public offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

RATING

Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc. ("S&P") has assigned its municipal bond rating of "BBB" and Fitch Ratings, Inc. ("Fitch") has assigned its municipal bond rating of "A-" to the Series 2014A Bonds. Such ratings reflects only the view of S&P and Fitch at the time the ratings are issued, and any explanation of the significance of such ratings may only be obtained from S&P or Fitch. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by S&P or Fitch, if, in their judgment, circumstances so warrant. Any such lowering, suspension or withdrawal of the ratings may have an adverse effect on the market price or marketability of the Series 2014A Bonds.

CONTINUING DISCLOSURE OBLIGATIONS

The Institution, in order to assist the Underwriter in complying with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), has undertaken in a Continuing Disclosure Agreement, dated as of October 1, 2014 (the "Continuing Disclosure Agreement") between the Institution and the Trustee, for the benefit of the Bondholders, to provide to the Trustee certain annual information and notices required to be provided by Rule 15c2-12. (See "Appendix F-Form of Continuing Disclosure Agreement"). The Continuing Disclosure Agreement may be amended or modified without the consent of the Bondholders under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto at or prior to the delivery of the Series 2014A Bonds will be on file at the principal corporate trust office of the Trustee. The Issuer has not committed to provide any continuing disclosure to the owners of the Series 2014A Bonds or to any other person. The Institution has covenanted with the Trustee for the benefit of the Bondholders to provide certain financial information and operating data relating to such Institution by not later than 120 days following the end of the Institution 's fiscal year beginning with the fiscal year ending June 30, 2015 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by such Institution to be material. The Annual Report will be filed on behalf of the Institution with the Municipal Securities Rulemaking Board through its EMMA System. In the event the obligations of the Institution are terminated with respect to the Series 2014A Bonds, the Institution will also be relieved of its obligation to provide information under the related Continuing Disclosure Agreement.

INDEPENDENT AUDITORS

The audited financial statements and supplemental information of Albany College of Pharmacy and Heath Sciences as of and for the Years Ended June 30, 2014, included in Appendix B of this Official Statement, have been audited by SaxBST LLP, independent auditors, stated in their report thereon appearing in Appendix B of this Official Statement.

The audited financial statements and supplemental information of Albany College of Pharmacy and Heath Sciences as of and for the Years Ended June 30, 2013, included in Appendix B of this Official Statement, have been audited by Bollam, Sheedy, Torani & Co. LLP, independent auditors, which merged with Sax Macy Fromm & Co., PC to form SaxBST LLP as of January 1, 2014, stated in their report thereon appearing in Appendix B of this Official Statement.

FINANCIAL ADVISORS

Excelsior Capital Advisory Services LLC and Public Financial Management are serving as co-financial advisors to the College (the "Financial Advisors") in connection with the issuance of the Series 2014A Bonds. The Financial Advisors are not obligated to undertake an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto.

LITIGATION

The Issuer

There is no controversy or litigation of any nature now pending against the Issuer or to the knowledge of the members of the Issuer, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2014A Bonds or in any way contesting or affecting the validity of the Series 2014A Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2014A Bonds or the use of the proceeds of the Series 2014A Bonds.

The Institution

There is no controversy or litigation of any nature now pending against the Institution or to the knowledge of the directors, officers or management of the Institution , threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2014A Bonds or in any way contesting or affecting the validity of the Series 2014A Bonds or any proceedings of the Institution taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2014A Bonds or the use of the proceeds of the Series 2014A Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Series 2014A Bonds are subject to the approving opinions of Hodgson Russ LLP, Albany, New York, Bond Counsel. Certain legal matters will be passed upon for the Issuer by Hodgson Russ LLP, counsel for the Issuer, and certain legal matters will be passed upon for the Institution by Gerald Katzman, Esq., Albany, New York, general counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by Harris Beach PLLC, Rochester, New York, counsel to the Underwriter.

OTHER MATTERS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The agreements of the Issuer with the holders of the Series 2014A Bonds is fully set forth in the Series 2014 Indenture and this Official Statement is not to be construed as constituting an agreement with the purchasers of such Series 2014A Bonds.

The execution, delivery and distribution of this Official Statement has been duly authorized by the Issuer and the Institution .

DATE: [________], 2014

CITY OF ALBANY CAPITAL RESOURCE CORPORATION

By:______________________________

ALBANY COLLEGE OF PHARMACY HEALTH SCIENCES

By:______________________________

APPENDIX A

Albany College of Pharmacy and Health Sciences

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE INSTITUTION

History of the Institution

Albany College of Pharmacy and Health Sciences (the "College", "ACPHS" or the "Institution") was founded in 1881 and has graduated more than 7,000 students in the increasingly complex profession of pharmacy and related fields.

Up until the late 1990's, ACPHS had just one building (the Francis J. O'Brien Building) and one program (pharmacy) – factors that severely limited opportunities for growth at the school, which at the time had an enrollment of just 600 students. With the arrival of President James Gozzo in 1998, the College began an aggressive expansion of its academic programs, enrollment, and physical plant.

The College has made great progress in the past decade diversifying its academic offerings around its core Doctor of Pharmacy (Pharm.D.) program. ACPHS now offers six (6) bachelor's degree programs (Biomedical Technology; Chemistry; Clinical Laboratory Sciences; Health and Human Sciences; Microbiology; and Pharmaceutical Sciences) and five (5) master's degree programs (Clinical Laboratory Sciences; Cytotechnology and Molecular Cytology; Health Outcomes Research; Molecular Biosciences; and Pharmaceutical Sciences).

As of fall 2014, the College had a total enrollment of approximately 1,600 students across its 12 degree programs.

The addition of these programs has prompted many changes, including changing the name of the school to "Albany College of Pharmacy and Health Sciences" in 2008 in order to better reflect the range of academic program offerings. The new programs, along with the associated faculty hires, also led to an increased emphasis on research and scholarly activity.

Faculty at the College today are engaged in a wide range of federally and privately funded research projects, including: studying biodefense strategies to thwart potential anthrax attacks or deployment of the francisella bacteria; exploring the impact of parental resources on children's health; developing chemical compounds for limiting the harmful effects of the sun; and working on numerous projects related to the prevention, detection, and treatment of cancer.

Complementing these efforts is the College's Pharmaceutical Research Institute (PRI), a center for drug discovery and development that was founded in 2003, and is led by Vice Provost for Research Shaker Mousa. PRI investigators possess expertise in fields such as nanotechnology, medicinal chemistry, molecular biology, and cell biology. PRI also offers a range of research opportunities and resources for both undergraduate and graduate students of the College.

In parallel with the addition of new academic programs and the increased enrollment has been an expansion of the College's physical plant. Since 2000, ACPHS has acquired: three (3) residence halls; the building and gymnasium formerly belonging to Christian Brothers Academy; a building that now houses the College's Department of Pharmaceutical Sciences and several research labs; and constructed a new Student Center.

Additional enhancements to the physical campus include renovations to many of the College's research labs and practice labs; the dining hall; library; and the construction of a new athletics field.

ACPHS has further extended its reach in Albany's Capital Region by leasing space at the University at Albany's East Campus in Rensselaer, New York, for the College's Pharmaceutical Research Institute. The College expanded its footprint even further in 2009 with the opening of a satellite campus in Colchester, Vermont, which is now home to approximately 240 Doctor of Pharmacy students.

The College has numerous support programs in place to help ensure its students are successful. This commitment to the future of young people extends beyond the borders of the College and is reflected in a variety of community programs and initiatives. One such program is the ACPHS Academy – an afterschool enrichment program that promotes STEM (science, technology, engineering, and math) education for at-risk students in Albany elementary and middle schools. As of fall 2013, there were 110 students spanning grades 3-8 enrolled in the program.

Another example is the Summer Enrichment Program, a six week program hosted each summer for area high school students who demonstrate interest in a career in the sciences. Each week of the program consists of three days of research with an ACPHS faculty member, one day of instructional activities, and one day to tour regional pharmaceutical companies.

ACPHS students and faculty contribute to the community in a variety of other ways, including volunteer work and support for the Boys and Girls Clubs, Make a Wish Foundation, March of Dimes, Ronald McDonald House, St. Jude Children's Hospital, Toys for Tots, and many more.

With a framework in place for future growth, President Gozzo stepped down at the end of the 2013-14 academic year. Gregory Dewey, who most recently served as Provost at the University of La Verne in Southern California, was selected as his successor. Dr. Dewey officially became the ninth president in the College's history on July 1, 2014.

Strategic Plan

The College adopted its current Strategic Plan in 2012. The five year plan is a dynamic and living document that is constantly being evaluated and modified as goals are achieved and new challenges are confronted. Below are the Plan's seven strategic goals:

1. Continuous Enhancement and Evaluation of All Degree Programs - Offer students an outstanding and rigorous educational experience, as well as an environment and programs to support their social, moral, and intellectual growth.

2. Expand Research and Scholarly Opportunities - Be a world center for the creation, refinement, and dissemination of knowledge.

3. Implement Globalization - Build the organizational infrastructure to establish and support global initiatives, provide opportunities for global experiences to all students, and foster a globally-engaged campus community.

4. Enhance the National and International Visibility of ACPHS - Enhance the College's ability to provide thought leadership, promote ACPHS's unique qualities to the marketplace, and increase awareness of ACPHS as a multi-disciplinary institution.

5. Achieve a 60/40 Enrollment Population - Better balance enrollment (60% Pharm.D.-40% other academic programs and 60% local-40% national/international) while maintaining our overall student enrollment level between 1,800-2,000.

6. Incorporate Diversity into the Fabric of Our Institution - Ensure ACPHS continues to incorporate diversity into the fabric of our institution by establishing recruitment strategies that foster diversity and establish college-wide cultural diversity programs and events.

7. Optimize the Utilization of Technology - Leverage technology to ensure the highest quality instruction, research and scholarship, and outreach to our alumni and the larger community.

Academic Programs

Doctor of Pharmacy (Pharm.D.): The College's core academic program prepares students for a wide range of career opportunities in the rapidly expanding field of pharmacy. Coursework concentrates on drug treatments and applications, with the final year focusing on experiential learning that allows students to put their knowledge into practice in settings that include community pharmacies, hospitals, research laboratories, and other institutions. The Pharm.D. program is offered on both the Albany and Vermont Campuses.

B.S. in Biomedical Technology: The Bachelor's program in Biomedical Technology allows students to explore the many facets of human health and disease with an emphasis on the contribution of diagnostic laboratory medicine to medical practice. This program provides a strong foundation in basic and clinical sciences, and in particular, offers excellent preparation for entry into a M.S. program in Physician Assistant Studies.

B.S. in Chemistry: The Bachelor's program in Chemistry allows students to complete coursework that spans the five traditional areas of chemistry: analytical, organic, physical, inorganic, and biochemistry. Many students choose to focus their studies in the area of medicinal chemistry, where they learn how to apply chemical concepts to the design, synthesis, and development of drugs.

B.S. in Clinical Laboratory Sciences: The Bachelor's program in Clinical Laboratory Sciences prepares students to perform a full range of laboratory analyses that are essential for the diagnosis, monitoring, and treatment of disease. Graduates are be able to perform and interpret sophisticated laboratory analyses that may be applicable to the fields of human and veterinary medicine, forensics, drug development, and research.

B.S. in Health and Human Sciences: The Bachelor's program in Health and Human Sciences program blends science courses with liberal arts courses in a way that yields a strong understanding of the human condition. The program is ideal for students interested in careers in health (e.g., global health, public policy analyst), but who do not necessarily want to be health care practitioners.

B.S. in Microbiology: The Bachelor's program in Microbiology prepares students for employment or advanced study in fields requiring knowledge of microorganisms (e.g., bacteria, fungi, viruses) and how they interact with other living organisms. Depending on their individual interests, students may pursue the Biomedical Microbiology Track, the Public Health/Infectious Disease Track, or the Industrial/Pharmaceutical Microbiology Track.

B.S. in Pharmaceutical Sciences: The Bachelor's program in Pharmaceutical Sciences provides students with a solid foundation in basic science with an emphasis on pharmacology and pharmaceutics. Students are engaged in laboratory-based coursework for all four years of this program, working side-by-side with faculty on a wide range of research based projects. While well prepared for entry-level positions in the pharmaceutical or biotech industries, many graduates choose to continue their education in graduate or professional school.

M.S. in Clinical Laboratory Sciences: The Master's program in Clinical Laboratory Sciences prepares students to become highly skilled laboratory professionals with the abilities to analyze patient specimens and help diagnose disease. Graduates are trained as generalists and are qualified by national certification and New York State licensure to work in areas that include hematology, microbiology, immunohematology, chemistry, immunology, and molecular diagnostics.

M.S. in Cytotechnology and Molecular Cytology: The Master's program in Cytotechnology and Molecular Cytology provides graduates with the abilities to move to the forefront of cell-based diagnostics. Graduates of this program are typically employed in hospitals, medical centers, private or reference laboratories, government agencies, professional organizations, and industry.

M.S. in Health Outcomes Research: The Master's program in Health Outcomes Research allows students to focus on the language and concepts of public health research and statistical methods. Students learn to design, implement, and analyze health outcomes studies and critically review and use outcomes research and data. The result is a degree that will enhance each student's current experience and help them define a dynamic career in health care.

M.S. in Molecular Biosciences: The Master's program in Molecular Biosciences emphasizes the importance of high quality research as it prepares students to reach their potential as research scientists. Research areas encompass a broad range of disciplines including molecular genetics, cell biology, biochemistry, pathophysiology, microbiology, immunology, and infectious diseases. This program requires the completion of original research and the publication of a thesis.

M.S. in Pharmaceutical Sciences: The Master's program in Pharmaceutical Sciences educates students in the scientific disciplines required for the discovery, development, and evaluation of new drugs and other pharmaceutical products. The curriculum has been designed with the flexibility needed to meet the needs of the aspiring research scientist, future physician, or working professional in the biomedical or pharmaceutical industry.

Accreditation

Albany College of Pharmacy and Health Sciences is accredited by the Middle States Commission on Higher Education (MSCHE). MSCHE reaffirmed the College's accreditation in 2010, with the next Self-Study Evaluation scheduled for the 2019-2020 academic year.

MSCHE examines each institution as a whole, rather than specific programs within institutions. The below ACPHS programs are accredited separately. The length of each accreditation cycle is determined by the respective accrediting body.

Doctor of Pharmacy (Pharm.D.) - The ACPHS Doctor of Pharmacy program is accredited by the Accreditation Council for Pharmacy Education. In 2011, ACPE approved a six year extension of accreditation of the Pharmacy program until 2017.

Clinical Laboratory Sciences - The Clinical Laboratory Sciences program is accredited by the National Accrediting Agency for Clinical Laboratory Sciences. It is accredited through 2014 (an accreditation review is currently in process and an extension is anticipated).

Cytology and Molecular Cytology - The M.S. in Cytotechnology and Molecular Cytology program is accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP) upon the recommendation of the Cytotechnology Program Advisory Committee of the American Society of Cytopathology. The program is accredited through 2017.

Governance

A Board of Trustees of up to twenty-five (25) members governs Albany College of Pharmacy and Health Sciences. There are currently six (5) vacancies on the Board of Trustees. Trustees serve three-year terms and are eligible to serve three consecutive terms. The officers and current members of the Board of Trustees are as follows:

Administration

The President of the College is appointed by the Board of Trustees and as chief executive officer is principally responsible for the administration of the College. The President appoints all other principal administrators with approval by the Board of Trustees.

Administrative Biographies

T. Gregory Dewey, Ph.D.
President

Dr. Dewey has more than 30 years of experience in biological and biophysical research, chemistry and biochemistry education and academic administration. From 2009 – 2014, Dr. Dewey was Provost at the University of La Verne with responsibility for academic affairs, student affairs, enrollment management, financial aid and athletics. From 1999-2009, Dr. Dewey served as Senior Vice President for Academic Affairs and the Finnigan Chair at the Keck Graduate Institute of Applied Life Science. In 1982, Dr. Dewey began his academic career as an Assistant Professor at the University of Denver where he spent 18 years and served for a total of 5 years as the Chair of the Department of Chemistry and Biochemistry. Dr. Dewey's achievements include over 90 publications and more than $7 million in funding. He is a fellow of the American Physical Society and received his B.S. in Chemistry from Carnegie-Mellon University and his Ph.D. in Chemistry from the University of Rochester.

John J. Denio, M.S., M.B.A.
Provost and Vice President of Academic Affairs
Mr. Denio was appointed interim Provost and Vice President of Academic Affairs in July 2012 and assumed the role of Provost and Vice President of Academic Affairs in March 2013. He has over 35 years of faculty and administrative experience at the College. Mr. Denio joined in 1977 and has risen through the ranks of Instructor, Assistant Professor, Associate Professor with Tenure, Associate Dean of Students, Dean of Students, and now Provost. Mr. Denio's close to four decades of service makes Mr. Denio the longest serving faculty or staff member at ACPHS. Mr. Denio has been a part of countless committees, organizations and professional development projects over the years, including positions/awards such as Faculty Chair, Pharmacy Leadership Society National President and Outstanding Teacher of the Year. Mr. Denio continues to teach each year to stay better connected with students. Mr. Denio received a M.B.A. in Business Administration from Russell Sage College, M.S. in Health Systems Management from Union College and B.S. in Interdisciplinary Studies Civil Engineering (Major), Economics (Minor) from Union College. Mr. Denio will retire at the end of the academic year and the College will be conducting a national search for the position.

Michele D. Vien
Vice President of Finance and Chief Financial Officer
Ms. Vien was appointed Vice President of Finance and Chief Financial Officer in October 2010. Prior to that, Ms. Vien served as Comptroller from 2006-2010. Ms. Vien came to the College from a public accounting firm where she was a partner. Ms. Vien has 14 years of public accounting experience with both local and international firms. Ms. Vien is a member of several national and regional professional organizations related to higher education. In addition, she is a certified public accountant and a member of national and multiple state societies of public accounting. She has also served as treasurer on several not for profit boards of directors. She received her B.A. in Accounting and minor in Psychology from Washington and Jefferson College.

Vicki DiLorenzo
Vice President of Institutional Advancement
Ms. DiLorenzo was appointed Vice President of Institutional Advancement in December 2005. Prior to that appointment, Ms. DiLorenzo held several administrative roles at the College including Director of Human Resources and Assistant Comptroller. Ms. DiLorenzo has been with the College since 1998. Prior to coming to the College, Ms. DiLorenzo spent 15 years in the financial planning and investment industry as a financial planner and Vice President for C.L. King and Associates. Ms. DiLorenzo recently completed both her B.S. and M.B.A. in Business Administration from Saint Rose College and is currently a member of the Council for Advancement and Support of Education, Association of Fundraising Professionals – Hudson-Mohawk Chapter, Society for Human Resource Management and actively involved in the regional Chamber of Commerce.

Tiffany Gutierrez
Vice President of Enrollment Management
Ms. Gutierrez was promoted to Vice President for Enrollment Management in 2007. Prior to that, Ms. Gutierrez served as Director of Financial Aid from 1999-2007. Ms. Gutierrez came to the College from Siena College where she served as Assistant Director of Financial Aid from 1996-1999. Ms. Gutierrez has more than 11 years of admissions, financial aid and enrollment marketing experience. Ms. Gutierrez is a member of several national and statewide committees related to Financial Aid, Admissions and Enrollment Management in a variety of professional associations. She received her B.S. in Business Administration from University at Buffalo and her M.B.A. in Business Administration from University at Albany.

Angela Dominelli, PhD, RPh, MBA
Dean of Pharmacy and Pharmaceutical Sciences and
Associate Vice President for Institutional Effectiveness and Assessment
Dr. Dominelli is the Dean of the School of Pharmacy and Pharmaceutical Sciences, the Associate Vice President for Institutional Effectiveness and Assessment and an Associate Professor of Pharmacy Administration at the Albany College of Pharmacy and Health Sciences. Dr. Dominelli joined the College in July 2000. Dr. Dominelli's teaching and research interests include pharmacy administration, total quality management in health care, institutional pharmacy administration and the social aspects associated with health care delivery. Prior to joining ACPHS, Dr. Dominelli held various positions in health care administration and worked for such organizations as Novalis Corporation, Electronic Data Systems, Empire Blue Cross and Blue Shield and MVP. She also worked as a staff pharmacist for CVS Pharmacy. Dr. Dominelli received her B.S. in Pharmacy from the Albany College of Pharmacy. Dr. Dominelli received an M.B.A. in Health Care Administration and a Ph.D. in Administrative and Engineering Sciences from Union College.

Shaker Mousa PhD, MBA, FACC, FACB
Vice Provost for Research
Dr. Mousa was appointed as an endowed tenure Professor and Executive Vice President and Chairman of the Pharmaceutical Research Institute (PRI) in 2002 and Vice Provost for Research at ACPHS as of 2010. PRI is dedicated to education, research, and pharmaceutical services, focusing on drug discovery and drug development. Previously, Dr. Mousa was a senior scientist and fellow at DuPont Pharmaceutical Company for 17 years where he served as a Working Group chair of several drug discovery programs from 1993-2001. Dr. Mousa also holds Adjunct Professor appointments at Rensselaer Polytechnic Institute, SUNY Albany, SUNY Buffalo, and Temple University. Dr. Mousa is a Visiting Professor of Bioethics at Albany Medical College and a Visiting Scholar at Johns Hopkins University. Dr. Mousa holds more than 350 United States and International Patents discovering novel anti-angiogenesis strategies, antithrombotics, anti-integrins, anti-cancer, and non-invasive diagnostic imaging approaches. Dr. Mousa has published more than 500 journal articles, book chapters, and books as editor and author. Dr. Mousa's research has focused on diagnostics and therapeutics of angiogenesis-related disorders, thrombosis, and vascular diseases.

As the leader of PRI, Dr. Mousa works with scientists and students to identify novel strategies for unmet medical needs. At PRI, Dr. Mousa and his staff have developed partnerships with other academic research centers in New York State's Capital Region as well as academic and industrial centers nationally and worldwide.

Dr. Mousa received his B.S. in Pharmacy from Alexandria University, College of Pharmacy & Pharmaceutical Sciences, with distinction, ranking number 1 in a class of over 500 Pharmacy students. Subsequently, he was appointed a member of the faculty where he received his M.S. in Biochemical Pharmacology. Dr. Mousa received his Ph.D. from Ohio State University, College of Medicine and Post-doctoral Fellowship, University of Kentucky. He also received his M.B.A. in Management from Widener University.

Gerald. H. Katzman, Esq.
General Counsel
Mr. Katzman was appointed General Counsel of the College in July 2003. Prior to that time, Mr. Katzman was a Member of the law firm of Pattison, Sampson, Ginsberg & Griffin, P.C. of Troy, New York. Mr. Katzman is a member of the New York State Bar Association and a past member of the house of delegates. Mr. Katzman is also a member of the Rensselaer County Bar Association and a past president. Mr. Katzman has served on many community boards of directors including the Troy Public Library, and is a past president, the Troy Savings Bank Music Hall Corporation, and is a past president, the Rensselaer County Council on the Arts, the Northeast Regional Board, Union American Hebrew Congregation, Mass., Congregation Berith Shalom, and is a past president, the Daughters of Sarah Foundation, and the Troy Chromatic Concerts. Mr. Katzman received his B.A. in Physics from Brandeis University, M.A. in Physics from University of Rochester and J.D. from Albany Law School.

Employee Relations

In addition to its 105 full time faculty members and 34 part-time faculty employees, the College has 61 administrative employees and 136 support staff employees. Of the 336 employees, there are 20 faculty members, 11 staff and 3 administrators located at our satellite campus in Vermont. The College has no union representatives on campus.

Retirement Plan

Academic and certain other salaried employees of the College are participants in Retirement Annuity Plans sponsored by the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which is a defined contribution plan. The College's policy is to fund retirement costs as accrued. The contribution rate is based on 11% of a participant's compensation or as limited per IRS regulations. Total contributions by the College amounted to $1,898,275and $1,964,108 for the years ended June 30, 2014 and 2013, respectively.

OPERATING INFORMATION

Admissions and Student Enrollment

Identified in the table below are the numbers of applications received for admissions to the College over the past five academic years and the preliminary information as of August 18, 2014 for the upcoming fiscal year.

Admissions Statistics
First-Year Fall Applications and Enrollment

	2009-10	2010-11	2011-12	2012-13	2013-14	Prelim 2014-15
Applications	1,277	1,263	1,607	1,668	1,767	1,708
Acceptances	795	857	992	1,078	1,088	1,138
Ratio	62%	67%	62%	64%	62%	66%
Matriculated	259	270	258	288	281	263
Ratio	33%	32%	26%	27%	26%	23%

The College is on track for achieving budgeted 2014-15 first year enrollment of 263. The first year fall 2013 class was 282; 232 in the Pharm. D. program, 18 in the B.S. in Pharmaceutical Sciences program and 11 in the B.S. in Biomedical Technology program., 8 in the B.S. in Health and Human Sciences program, 8 in the B.S. in Micro Biology and 5 in the B.S. in Chemistry program. The continued transfer options for the B.S. in Biomedical Technology, B.S. in Pharmaceutical Sciences and B.S. in Health and Human Sciences program is expected to diversify new student enrollment for 2014.

Enrollment

The following tables set forth student enrollment and full time equivalent (FTE) enrollment in the fall of the most recent five academic years.

Total Enrollment

Academic Year	2009-10	2010-11	2011-12	2012-13	2013-14
Students	1,572	1,622	1,647	1,701	1,639
FTE	1,565	1,618	1,629	1,690	1,623

Pharmacy Programs

Academic Year	2009-10	2010-11	2011-12	2012-13	2013-14
Students	1,354	1,403	1,432	1,449	1,361
FTE	1,349	1,400	1,427	1,446	1,359

Other Programs

Academic Year	2009-10	2010-11	2011-12	2012-13	2013-14
Students	218	219	215	252	278
FTE	216	218	202	244	264

Total Enrollment by Campus

Academic Year	2009-10	2010-11	2011-12	2012-13	2013-14
Albany					
Students	1,495	1,478	1,445	1,440	1,410
FTE	1,488	1,476	1,427	1,429	1,394
Vermont					
Students	77	144	202	261	229
FTE	77	142	202	261	229

Competition

College/University	Location	Estimated Tuition 2013-2014	Fall 2013 Enrollment*
ACPHS	NY	$28,200	1,361
Duquesne	PA	$32,248	1,182
D'Youville	NY	$21,930	266
Fairleigh Dickinson	NJ	$32,852	160
Husson	ME	$15,252	233
Long Island University	NY	$31,202	779
MCPHS - Boston	MA	$26,600	2,063
Northeastern University	MA	$39,320	851
Rutgers	NJ	$10,356	1,251
St. John Fisher	NY	$26,810	322
St. Johns University	NY	$37,150	1,660
University of Buffalo	NY	$8,288	497
University of Connecticut	CT	$15,240	396
University of New England	ME	$30,750	390
University of Rhode Island	RI	$10,878	728
University of Sciences - Philadelphia	PA	$31,774	1,255
Western New England	MA	$29,738	223
Wilkes University	PA	$29,326	288
Ohio Northern University	OH	$36,720	996

* Source: AACP 2012-2013 Profile of Pharmacy Students

Student Quality

Average SAT Scores (First Year Freshman):

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Verbal	560	560	570	570	570	550
Math	620	610	600	600	610	600
Total	1,180	1,170	1,170	1,170	1,180	1,150

Average Class Rank (First Year Freshman):

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Top 25%	88.8%	75.0%	91.8%	72.0%	90.0%	79.0%

GEOGRAPHIC PROFILE
of entering First-Year Students

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
New York	76%	71%	77%	78%	77%	75%
Out of State	16%	22%	21%	20%	18%	19%
Foreign	8%	7%	2%	2%	5%	6%

Student Retention*

2009-10	2010-11	2011-12	2012-13	2013-14
92.7%	93.5%	93.8%	94.4%	92.7%

*Percentage of all students in all classes completing the academic year.

Overview of Degrees Conferred

Program	2009-10	2010-11	2011-12	2012-13	2013-14
Pharmacy	216	230	215	283	271
Other	8	38	40	48	58

Tuition and Fees

For the 2014-2015 academic year, full-time tuition at Albany College of Pharmacy and Health Sciences is $29,400 for B.S. students and students enrolled in the first two years of the Pharm D program. The tuition for the Pharm D program (years 3 through 6) is $32,100. Tuition and fees for the last five (5) years along with the current year are listed below:

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Tuition -BS	$23,260	$24,500	$25,700	$26,900	$28,200	$29,400
Tuition – Pharm	-	-	$29,100	$29,300	$30,900	$32,100
Fees	$ 600	$ 620	$ 680	$ 695	$ 700	$ 731
Room & Board	$ 8,300	$ 9,400	$ 9,560	$9,760	$10,000	$10,240

Student Financial Aid

The College administers a student aid program through which approximately 91.0% of the student body receives financial aid in the form of grants, loans or campus employment. In fiscal year 2013-2014, the College provided $8,756,100 in institutional grant aid to students. In addition, grants to students from the Federal Pell Grant Program and from the Federal Supplemental Educational Opportunity Grant Program amounted to $1,189,037. Students enrolled at Albany College of Pharmacy and Health Sciences received $832,710 in grants from the New York State Tuition Assistance Program and other state scholarships in 2013-2014. A summary of the funds provided for scholarships for the past five fiscal years is as follows:

Financial Assistance
Years Ended June 30
(Thousands)

	2010	2011	2012	2013	2014
Scholarships					
College Funds	$4,173	$5,289	$6,222	$7,532	$8,756
Federal Funds	1,309	1,422	1,107	1,137	1,189
State and Other Funds	1,358	1,297	1,318	1,390	1,374
Total Scholarships	**6,840**	**8,008**	**8,647**	**10,059**	**11,319**
Loans					
Stafford & Direct Loan	16,583	16,518	17,929	19,528	17,700
Perkins	115	270	184	266	432
Health Professions	40	210	210	142	147
Parent and Other	11,876	12,532	13,998	14,471	15,422
Total Loans	**28,614**	**29,530**	**32,321**	**34,407**	**33,701**
Student Employment	**197**	**262**	**195**	**190**	**142**
Total Assistance	**$35,651**	**$37,800**	**$41,163**	**$44,656**	**$45,162**

In addition to grant aid, students financed their education costs with jobs and loans. Students borrowed $33.7 million in student loans in 2013-2014, with $17.7 million coming from the Federal Stafford loan.

Annual Financial Statement Information

The Financial Statement summaries below show the overall College-wide financial results for the fiscal years 2009-2010 through 2013-2014. The College's financial statements are prepared on the accrual basis of accounting.

Albany College of Pharmacy & Health Sciences
Statement of Financial Position
Fiscal years Ended June 30, 2010, 2011, 2012, 2013 and 2014

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
ASSETS:					
Cash and Cash Equivalents	$ 26,781,876	$ 21,571,282	$ 23,524,643	$ 27,980,561	$ 20,749,782
Student Loan Receivables	2,234,689	2,279,359	2,236,360	2,277,463	2,475,965
Other Receivables	4,267,285	2,854,032	3,358,123	2,934,693	1,976,559
Deposits with Bond Trustees	1,755,041	1,155,041	1,155,041	1,155,041	1,320,041
Other Assets	2,620,648	2,170,489	2,377,436	2,569,207	2,272,507
Investments	10,186,258	19,737,415	22,528,275	25,999,625	42,324,480
Property, Plant & Equipment, net	52,296,305	55,756,326	55,310,497	53,983,869	51,669,867
TOTAL ASSETS	$ 100,142,102	$ 105,523,944	$ 110,490,375	$ 116,900,459	$ 122,789,201
LIABILITIES:					
Accounts Payable and Accrued Liabilities	5,354,633	$ 3,455,975	$ 1,730,190	$ 2,946,609	$ 2,479,748
Deferred Revenues	7,875,100	8,740,043	9,553,209	9,026,864	8,253,996
Other Liabilities	2,140,085	2,165,061	2,645,012	2,702,599	3,025,680
Bonds and Other Obligations Payable	29,094,745	27,996,278	27,421,541	26,715,243	25,953,430
Federal Advances for Student Loans	2,205,911	2,198,274	2,236,208	2,287,993	2,303,594
TOTAL LIABILITES	46,670,474	44,555,631	43,586,160	43,679,308	42,016,448
NET ASSETS:					
UNRESTRICTED	45,613,790	52,401,128	57,769,470	63,511,754	70,328,242
TEMPORARILY RESTRICTED	2,182,438	1,616,215	1,653,021	2,032,185	2,504,974
PERMANENTLY RESTRICTED	5,675,400	6,950,970	7,481,724	7,677,212	7,939,537
TOTAL NET ASSETS	53,471,628	60,968,313	66,904,215	73,221,151	80,772,753
TOTAL LIABILITIES & NET ASSETS	$ 100,142,102	$ 105,523,944	$ 110,490,375	$ 116,900,459	$ 122,789,201

Albany College of Pharmacy & Health Sciences
Statement of Activities
Fiscal years Ended June 30, 2010, 2011, 2012, 2013 and 2014

REVENUES:	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
Student tuition & fees	$33,223,618	$34,801,748	$38,688,079	$39,491,337	$39,458,735
Student fees	1,253,607	1,330,314	1,215,820	1,050,040	878,360
Government contracts & grants	1,675,673	1,936,377	1,213,036	1,473,776	1,636,021
Other contracts and grants	993,974	865,816	800,432	599,655	443,694
Recovery of indirect costs	472,690	664,059	520,908	573,511	568,629
Gifts and pledges	3,155,085	2,437,265	1,537,973	1,276,751	978,059
Office of post graduate education	167,715	121,225	197,207	188,507	112,373
Other sources	1,861,831	1,320,777	1,023,359	1,244,949	1,149,223
Total educational and general	42,804,193	43,477,581	45,196,814	45,898,526	45,225,094
AUXILIARY ENTERPRISES:					
Student housing and cafeteria	3,718,304	4,058,232	4,657,575	4,894,657	4,912,219
Bookstore	59,721	59,887	58,385	53,980	52,771
Total auxiliary enterprises	3,778,025	4,118,119	4,715,960	4,948,637	4,964,990
TOTAL REVENUES	46,582,218	47,595,700	49,912,774	50,847,163	50,190,084
Education and general	32,491,218	36,658,765	38,367,740	40,467,060	41,646,092
Depreciation	3,637,960	4,315,526	5,042,557	5,453,595	5,490,159
Interest	1,294,946	940,726	853,643	663,993	664,277
Amortization	44,716	81,383	81,383	81,383	34,716
TOTAL EXPENSES	37,468,840	41,996,400	44,345,323	46,666,031	47,835,244
INCREASE FROM OPERATIONS	9,113,378	5,599,300	5,567,451	4,181,132	2,354,840
INVESTMENT INCOME (LOSS)	515,197	1,780,924	716,000	2,027,633	5,367,536
INCREASE IN NET ASSETS	9,628,575	7,380,224	6,283,451	6,208,765	7,722,376
INCREMENTAL EFFECTS OF APPLYING FAS 158	(134,952)	116,461	(347,549)	108,171	(170,774)
BEGINNING NET ASSETS	43,978,005	53,471,628	60,968,313	66,904,215	73,221,151
ENDING NET ASSETS	$53,471,628	$60,968,313	$66,904,215	$73,221,151	$80,772,753

Fiscal 2013-14 Results

For the fiscal year ending June 30, 2014, total operating revenues were $50,190,084 with a net increase from operations of $2,354,840. The operating margin has remained positive over the last five years due to careful review of programs and conservative budgetary practices. While the College has increased operating revenues over recent years there was a slight decline in the current year, which was anticipated in the 2013-14 budget. This is primarily due to a decrease in net tuition and student fees caused by the right sizing of enrollment and an increase in student financial aid in an effort to remain competitive in the market place. Gifts and pledges have continued to decrease over recent years due in part to the wind down of certain initiatives tied to facility projects which have for the most part completed in the current year. The College is working towards reprioritizing its focus by investing in people and programs in an effort to increase such revenue streams in years ahead. The overall decline in revenues was offset by an increase in Government Contracts and Grants due to the addition of new Government Grants as the College continues its emphasis on research. Educational and general expenses increased due to increases in contractual expenses related to new Government grants and increases in operational needs related to facilities.

Improvements in fiscal operations have enabled the College to maintain strong debt service coverage and liquidity ratios. Over the last five years net assets available for debt service (defined as total net assets less net plant equity) have increased 87% to $55.0 million in June 30, 2014. Unrestricted cash and investments have increased 68% from $38 million at June 30, 2010 to $64 million at June 30, 2014.

Budgetary Procedures

The Board of Trustees of the College approves the annual operating budget for the College which includes any increases in tuition, fees, salaries and student financial aid. The budgeting process is set up such that the initial review and recommendation of the budget resides with the Finance and Investment Committee. Throughout the year the actual expenditures are reported to the Finance and Investment Committee and performance is measured by comparison of the approved budget. Department chairs and related personnel are also expected to review their respective budgets via the College's on-line management system for compliance and performance to the approved budget.

The College continues to strive to enhance and evaluate all of its degree programs. The Doctor of Pharmacy Program anchors the College's enrollment at 83% of total enrollment while the College's Other Programs have grew over 8% last fiscal year. The increase in Other Programs aligns with the College's goal to diversify the enrollment population with a focus on the Graduate and Bachelor of Science programs. Additionally, the College hopes to achieve diversification by increasing national and international visibility in an effort to expand relationships with like and neighboring affiliations in an effort to share resources and therefore stabilize spending in the years ahead.

The College's approved operating budget for the period July 1, 2014 through June 30, 2015 is $55,249,328 and is projected to be balanced. Of the total proposed budget, 59% supports academics and research, 31% supports students and 10% supports plant and operations.

For the 2014-15 year, under graduate tuition increased 4.26% ($28,200 during 13-14 to $29,400 for 2014-15) and 3.88% for professional tuition ($30,900 during 2013-14 to $32,100 for 2014-15). The 2014-15 budget is based on 1,561 FTEs. Total FTE enrollment for fall 2014-15 is estimated at 1,583.

Endowment

The College's endowment fund as of June 30, 2014, was approximately $38.6 million. Of that amount, $29.0 million is unrestricted and designated by the Board of Trustees as a Quasi-Endowment Fund to be used to support student financial aid and debt service. The College's spending policy is to use 4% of the value of the fund based on a five-year moving average. The spending policy as well as the investment policy is reviewed annually. In general, it is expected that the endowment funds will be invested as a balanced fund made up of approximately 65% equities and 35% fixed income securities. Variations from this general guideline are to be expected based on market conditions.

Cash and Investments

The following table sets forth the College's investment, unrestricted cash and cash equivalents, and deposits with bond trustees (based on market values) and balances by net asset class as of June 30 for each of the five years ended June 30, 2014:

Fiscal Years Ended June 30
(Thousands)

	2010	**2011**	**2012**	**2013**	**2014**
Investments					
Certificates of Deposit	$ 723	$ 3,206	$ 1,218	$ 1,040	$ 1,056
Mutual and Index Funds	402	5,871	11,462	20,694	35,387
Government Obligations	1,555	1,089	1,049	212	324
Corporate Bonds	1,999	2,310	2,519	1,190	1,065
Equities	5,507	7,261	6,280	2,863	4,493
	10,186	19,737	22,528	25,999	42,325
Unrestricted Cash and Cash Equivalents	26,097	20,426	21,913	27,121	19,867
Deposits with Bond Trustees	1,755	1,155	1,155	1,155	1,320
Total Cash and Investments	$ 38,038	$ 41,318	$ 45,596	$ 54,275	$ 63,512

As of August 31, 2014 total cash and investments were $63,482,030.

Outstanding Indebtedness of the College: As of June 30, 2014 the College had $25,865,272 is outstanding debt consisting of the following issues all issued by the City of Albany Industrial Development Agency:

Description	Maturity Date	Outstanding as of 6/30/14
Series 2004 A – Fixed Rate Bonds	December 1, 2034	$11,915,272
Series 2004B – Variable Rate Demand Bonds	December 1, 2034	$6,620,000
Series 2008A – Variable Rate Demand Bonds	July 1, 2038	$7,330,000

The Series 2004A and Series 2004B Bonds are expected to be refunded by the Series 2014A Fixed Rate Bonds and the letter of credit supporting the Series 2004A Bonds is expected to be terminated. Additionally, the $4 million interest rate swap agreement associated with the Series 2004B Bonds, which expires on December 14, 2014, is also expected to be terminated upon the delivery of the Series 2014A Bonds.

The Series 2008A Bonds are expected to be refunded by the Series 2014B Variable Rate Bonds which are expected to be purchased by NBT Bank simultaneously with the delivery of the Series 2014 A Bonds. The bank purchase is for a term of 10 years and Series 2014B Bonds are expected to remain as variable rate bonds payable monthly.

The College has also entered into two lease agreements with CHF-Holland Suites and CHF –Holland Suites II which financed two student housing projects (301 beds) in a facility owned by the College. The $15,600,000 of outstanding CHF-Holland Suites debt is secured by a pledge of the student housing projects' revenue and a leasehold mortgage and the College has no obligation to support debt service. The College operates the student housing projects pursuant to a management agreement with CHF-Holland Suites.). None of the revenue or expenses of the CHF projects are included in the College's financial statements.

Litigation

There are no litigation pending or known claims likely to be asserted against the College which would have a material adverse effect on its financial condition.

Fundraising Activities

ACPHS Capital Campaign

The Albany College of Pharmacy and Health Sciences announced to the public a $50 Million "Comprehensive" Capital Campaign in November 2011 (the silent phase was initiated in November 2008). The Capital Campaign Plan centers on the significant investment in five areas critical to the continued growth and competitiveness of the College.

- Grow the Endowment and Scholarship Opportunities
- Expand Academic Programs
- Expand Research Programs
- Expand Facilities
- Open a Satellite Campus in Vermont

A comprehensive campaign is a "count-all" campaign and includes cash gifts, multi-year pledges, corporate gifts, stock, employer matched funds, private grants, gifts-in-kind (including equipment) and bequests. Federal and State grants are not counted in the campaign. As of June 30, 2014 the total amount raised was $29.3which comprised of: $12 million of cash gifts and pledges, $3.6 million of bequests, $4.6 million of in-kind donations, and $9.1 million of private grants.

The chart that follows shows a five-year history of gifts received for all purposes for fiscal years ended June 30:

	2010	**2011**	**2012**	**2013**	**2014**
Unrestricted	$925,605	$514,291	$276,741	$212,323	$260,626
Temporarily Restricted	$1,213,376	$649,285	$730,511	$868,973	$455,125
Permanently Restricted	$1,016,104	$1,273,689	$530,721	$195,455	$262,308
Total	$3,155,085	$2,437,265	$1,537,973	$1,276,751	$978,059

Property, Plant, and Equipment

The chart that follows shows a five-year history of property, plant, and equipment for fiscal years ended June 30:

	2010	2011	2012	2013	2014
Land & Improvements	$ 7,990,960	$ 8,934,828	$ 8,934,828	$ 11,076,530	$ 11,076,530
Building and Improvements	47,178,440	52,398,392	56,423,117	58,449,903	60,935,823
Laboratory Equipment	6,135,205	7,092,151	7,474,016	7,858,847	8,037,628
Other Equipment	3,365,765	3,709,048	3,798,421	3,890,654	3,955,027
Furniture and Fixtures	2,597,256	3,721,809	3,999,763	4,022,656	4,128,944
Computer Equipment	4,487,578	5,167,699	5,950,142	5,977,301	6,347,366
Total	71,755,204	81,023,927	86,580,287	91,275,891	94,481,318
Less Accumulated Depreciation	23,203,329	27,453,612	32,485,858	37,883,825	43,373,983
Property, Plant, and Equipment, net	48,551,875	53,570,315	54,094,429	53,392,066	51,107,335
Construction in Progress	3,744,430	2,186,011	1,216,068	591,803	562,532
	$ 52,296,305	$ 55,756,326	$ 55,310,497	$ 53,983,869	$ 51,669,867

APPENDIX B

Audited Financial Statements and Supplemental Information of Albany College of Pharmacy and Health Sciences for the Years Ended June 30, 2014 and 2013

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Albany College of Pharmacy
AND HEALTH SCIENCES

Financial Statements

June 30, 2014

Albany College of Pharmacy and Health Sciences

Financial Statements

June 30, 2014

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ACCOUNTING / TAX / ADVISORY

Independent Auditor's Report

Audit Committee
Albany College of Pharmacy and Health Sciences
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Albany College of Pharmacy and Health Sciences, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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 auditor's 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 Albany College of Pharmacy and Health Sciences as of June 30, 2014, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Albany College of Pharmacy and Health Sciences, as of and for the year ended June 30, 2013, were audited by Bollam, Sheedy, Torani & Co. LLP and their report, dated October 17, 2013, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information presented on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SaxBST LLP

Albany, New York
September 12, 2014

Albany College of Pharmacy and Health Sciences

Statement of Financial Position

ASSETS	June 30, 2014 (comparative totals for 2013) 2014	2013
CURRENT ASSETS		
Cash	$ 19,866,929	$ 27,121,055
Investments, short-term	489,512	475,856
Accrued interest and dividends	11,090	12,373
Accounts receivable, students, net	630,535	691,841
Accounts receivable, government entities	463,726	586,444
Student loans receivable, net, current portion	372,000	385,200
Pledges receivable, net, current portion	223,218	666,873
Other receivables, net	349,975	285,351
Prepaid expenses	238,122	564,081
Total current assets	22,645,107	30,789,074
PROPERTY, PLANT, AND EQUIPMENT, net	51,669,867	53,983,869
OTHER ASSETS		
Restricted cash	882,853	859,506
Restricted investments	566,572	564,332
Deposits with Bond Trustees	1,320,041	1,155,041
Investments, long-term	41,268,396	24,959,437
Student loans receivable, net	2,103,965	1,892,263
Pledges receivable, net	309,105	704,184
Bond issue costs, net	735,697	770,413
Other assets	952,982	899,156
Agency funds	334,616	323,184
	48,474,227	32,127,516
TOTAL ASSETS	$ 122,789,201	$ 116,900,459

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	June 30, 2014 (comparative totals for 2013) 2014	2013
CURRENT LIABILITIES		
Bonds payable, current portion	$ 801,744	$ 606,744
Obligation under interest rate swap, current portion	88,158	-
Accounts payable and accrued liabilities	2,145,132	2,623,425
Deferred revenue and deposits, current portion	3,693,469	4,151,146
Total current liabilities	6,728,503	7,381,315
OTHER LIABILITIES		
Advances from Federal government for student loans	2,303,594	2,287,993
Bonds payable, less current portion	25,063,528	25,865,272
Obligation under interest rate swap, less current portion	-	243,227
Deferred revenue and deposits, less current portion	4,560,527	4,875,718
Other liabilities	1,097,209	1,061,529
Postretirement health care benefits obligation	1,928,471	1,641,070
Deposits held in custody for others	334,616	323,184
	35,287,945	36,297,993
Total liabilities	42,016,448	43,679,308
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted net assets		
For current operations	5,694,099	12,922,992
Funds functioning as an endowment and designated for student loans	32,675,990	18,383,313
Designated for plant capital	3,300,000	3,000,000
Investment in property, plant, and equipment	28,658,153	29,205,449
	70,328,242	63,511,754
Temporarily restricted net assets	2,504,974	2,032,185
Permanently restricted net assets	7,939,537	7,677,212
	80,772,753	73,221,151
TOTAL LIABILITIES AND NET ASSETS	**$ 122,789,201**	**$ 116,900,459**

Albany College of Pharmacy and Health Sciences

Statement of Activities

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
	Year Ended June 30, 2014 (comparative totals for 2013)				
REVENUES, GAINS, AND SUPPORT					
Educational and general					
Student tuition and fees, net ($8,635,371 and $7,310,664, respectively)	$ 39,458,735	$ -	$ -	$ 39,458,735	$ 39,491,337
Student fees	878,360	-	-	878,360	1,050,040
Government contracts and grants	1,636,021	-	-	1,636,021	1,473,776
Other contracts and grants	443,694	-	-	443,694	599,655
Recovery of indirect costs	568,629	-	-	568,629	573,511
Gifts and pledges	260,626	455,125	262,308	978,059	1,276,751
Interest and dividends	67,831	-	17	67,848	83,234
Office of post-graduate education	112,373	-	-	112,373	188,507
Other sources	1,081,375	-	-	1,081,375	1,161,715
	44,507,644	455,125	262,325	45,225,094	45,898,526
Auxiliary services					
Student housing	2,655,266	-	-	2,655,266	2,660,616
Student meal plan	2,256,953	-	-	2,256,953	2,234,041
Bookstore	52,771	-	-	52,771	53,980
	4,964,990	-	-	4,964,990	4,948,637
Net assets released from restrictions	490,859	(490,859)		-	-
Total revenues, gains, and support	49,963,493	(35,734)	262,325	50,190,084	50,847,163

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
	Year Ended June 30, 2014 (comparative totals for 2013)				
EXPENSES AND LOSSES					
Administration and general	$ 10,632,843	$ -	$ -	$ 10,632,843	$ 11,131,286
Fundraising	1,479,034	-	-	1,479,034	1,498,513
Program					
Admissions and student services	4,928,841	-	-	4,928,841	4,611,817
Security, University Heights	959,301	-	-	959,301	902,364
Office of post-graduate education	359,174	-	-	359,174	445,908
Library and instruction	20,887,865	-	-	20,887,865	20,510,471
Research	4,247,581	-	-	4,247,581	3,869,797
Student financial aid	950,369	-	-	950,369	999,381
Auxiliary services	2,845,561	-	-	2,845,561	2,696,494
Loss on cancelled pledge	-	500,000	-	500,000	-
Loss on disposal of asset	44,675	-	-	44,675	-
Total expenses and losses	47,335,244	500,000	-	47,835,244	46,666,031
Increase (decrease) in net assets from operations	**2,628,249**	**(535,734)**	**262,325**	**2,354,840**	**4,181,132**
Investment income, net	4,359,013	1,008,523	-	5,367,536	2,027,633
Increase in net assets	**6,987,262**	**472,789**	**262,325**	**7,722,376**	**6,208,765**
Postretirement health care plan adjustments other than net periodic benefit costs	(170,774)	-	-	(170,774)	108,171
NET ASSETS, *beginning of year*	63,511,754	2,032,185	7,677,212	73,221,151	66,904,215
NET ASSETS, *end of year*	$ 70,328,242	$ 2,504,974	$ 7,939,537	$ 80,772,753	$ 73,221,151

See accompanying Notes to Financial Statements.

Albany College of Pharmacy and Health Sciences

Statement of Cash Flows

	Year Ended June 30, 2014 (comparative totals for 2013) 2014	2013
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Increase in net assets	$ 7,722,376	$ 6,208,765
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	5,490,159	5,453,595
Amortization, net	22,972	69,639
Change in allowances and bad debts	542,884	(13,504)
Net gains on investments	(4,633,910)	(1,461,780)
Contributions restricted for long-term investment	(130,541)	(617,235)
(Gain) loss on disposal of property, plant, and equipment	44,675	(3,000)
Rental and cafeteria income	(315,192)	(315,192)
Change in fair value of interest rate swap	(155,069)	(319,554)
Net change in postretirement health care benefits obligation	116,627	133,084
(Increase) decrease in		
Accrued interest and dividends	1,283	17,212
Accounts receivable, students	(27,686)	(63,054)
Accounts receivable, government entities	122,718	(25,887)
Other receivables	(64,624)	227,579
Prepaid expenses and other current assets	325,959	(229,040)
Other assets	(53,826)	(28,338)
Increase (decrease) in		
Accounts payable and accrued liabilities	(478,293)	1,452,744
Other liabilities	35,680	32,674
Deferred income and deposits	(457,676)	(211,153)
	8,108,516	**10,307,555**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Construction payable	-	(269,313)
Proceeds from the sale of investments and maturities	22,676,593	8,454,731
Purchases of investments	(34,367,538)	(10,464,301)
Proceeds from the sale of property, plant, and equipment	-	3,000
Purchase of property, plant, and equipment	(3,220,832)	(4,126,967)
Student loans issued	(574,085)	(415,285)
Repayments of student loans	371,500	373,268
(Increase) decrease in restricted cash	(23,347)	752,149
	(15,137,709)	**(5,692,718)**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Collection of pledges receivable	519,466	916,445
Increase in deposits with bond trustees	(165,000)	-
Principal payments on bonds	(595,000)	(375,000)
Governmental advances and governmental share of interest	15,601	51,785
	(224,933)	**593,230**
Net increase (decrease) in cash	**(7,254,126)**	**5,208,067**
CASH, ***beginning of year***	27,121,055	21,912,988
CASH, ***end of year***	$ 19,866,929	$ 27,121,055
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 832,833	$ 997,211

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

Albany College of Pharmacy and Health Sciences (College) was organized in 1881 as the Department of Pharmacy of Union University. In the 1920's, the professional colleges of Union University, which includes Albany College of Pharmacy, Albany Medical College, and Albany Law School, all constructed their original buildings on New Scotland Avenue in Albany, New York. Although each of the institutions comprising Union University is functionally autonomous, Union College and the professional schools of the university maintain a close but informal association for the benefit of more than 4,500 undergraduate and graduate students currently enrolled in the diverse university programs.

The student population of the College represents various states and foreign countries with most of its students coming from upstate New York.

b. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

The financial statements present information regarding the College's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated by donor restrictions.

Unrestricted net assets are not subject to donor restrictions and are described as follows:

Unrestricted net assets, current operations include the revenues and expenses associated with the principal educational mission of the College.

Unrestricted net assets, funds functioning as an endowment and designated for student loans include revenues and expenses associated with sponsored research agreements. In addition, College contributions to federal student loan funds and internally designated endowment funds are included.

Unrestricted net assets, designated for plant capital include amounts designated for future capital needs of the College.

Unrestricted net assets, investment in property, plant, and equipment include gifts and income earned on unexpended balances for capital projects which are currently under construction, future capital projects, and transfers from the operating budget to fund the debt service requirements for outstanding bonds. The College follows the policy of lifting the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the asset is used for construction or is acquired. Assets are carried net of accumulated depreciation, computed on a straight-line basis over the estimated useful lives of the assets. Equipment is removed from the records at the time of disposal. The College follows the policy of recording contributions of long-lived assets at their estimated fair market value at the date of receipt.

Temporarily restricted net assets include gifts for which donor imposed restrictions will be met in future periods and trust activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting and Financial Statement Presentation - Continued

Permanently restricted net assets include gifts and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for use in accordance with donor restrictions.

c. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurement

The College reports certain assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (Note 18).

e. Student Accounts and Loans Receivable, Net

The College extends credit to students in the form of accounts receivable and loans for educational expenses. The default rate on federal student loans programs is less than 1%.

The College's student loan receivable consists of revolving loan funds for the Federal Perkins Loans and Health Professional Student Loans for which the College acts as an agent for the federal government in administering the loan programs to assist students in funding their education.

The College provides an allowance for doubtful accounts, which is determined based on collection history and a review of the open accounts by management. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. Student accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 30 days. The allowance for doubtful accounts for student receivables and other receivables was $100,000 each for both June 30, 2014 and 2013.

f. Pledges Receivable, Net

The College records unconditional promises as revenues, gains, and support in the period received at fair value, using the present value of estimated future cash flows discounted at rates which are commensurate with the risks associated with these pledges.

Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 4.18% at both June 30, 2014 and 2013.

g. Property, Plant, and Equipment, Net

Property, plant, and equipment are reported at cost. Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property, plant, and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets. Expenditures for new construction, major renewals and replacements, and equipment with costs over $3,000 are capitalized.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. Property, Plant, and Equipment, Net - Continued

The College reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, management reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Depreciation is computed using the straight-line method based on the estimated useful lives (5-50 years) of the various assets.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. There were no impairments of long-lived assets at June 30, 2014 and 2013.

h. Recognition of Donor Restrictions

The College reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the College reports the support as unrestricted.

i. Restricted Cash and Restricted Investments

Restricted cash and investments consist of funds set aside for student loan programs, interest rate swap contract, and permanent endowment funds.

j. Investments and Restricted Investments

Investments are reported at fair value. The realized and unrealized gains (losses), interest, and dividends are reported as investment income on the statement of activities. Realized gains and losses are calculated using the specific identification method.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the College to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management determined that there were no other-than-temporary impairments as of June 30, 2014 and 2013.

Investment securities are exposed to various risks, such as interest rate, market, and credit. 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 change could materially affect the amounts report in the statement of financial position.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Deposits with Bond Trustees

Deposits with Bond Trustees represent funds which can only be used for debt service or the bond project.

l. Bond Issue Costs

Bond issue costs are amortized over the term of the bond using the straight-line method.

m. Deferred Revenue and Advances

Deferred revenue and advances include the following:

- Deferred rental revenue which is recognized as revenue on a straight-line basis over thirty years.
- Deferred tuition collected in advance of the school year, which is recognized as revenue during the school year to which the tuition relates.
- Deferred grants received prior to grant revenue being earned, which is recognized as revenue when grants are expended.
- Advances from the federal government for student loans represent loan funds provided to students by the federal government through the College. The College collects the loans on behalf of the federal government. The amount due from the student is reported in Student loans receivable on the College's statement of financial position.

n. Advertising Expenses

The College expenses advertising costs as they are incurred. Advertising expenses amounted to $87,975 and $87,014 for the years ended June 30, 2014 and 2013, respectively.

o. Functional Expenses

Functional expenses are allocated directly to programs, when appropriate. Indirect expenses are allocated based on the rates of direct program costs incurred in each program to total direct program costs.

p. Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The College has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code.

The College files a Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the College's tax positions, including interest and penalties attributable thereto, and concluded that there are no tax positions that required adjustment in its financial statements as of June 30, 2014 and 2013.

Forms 990 filed by the College are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the College are no longer subject to examination for the fiscal years ended June 30, 2010, and prior.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. Subsequent Events

The College has evaluated subsequent events for potential recognition or disclosure through September 12, 2014, the date the financial statements were available to be issued.

r. Prior Year Summarized Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the College's previously issued financial statements for the year ended June 30, 2013, from which the summarized information was derived.

s. Reclassifications

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

Note 2 - Investments

A summary of the College's investments in marketable securities is as follows:

	June 30,			
	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Current				
Investments held for operating fund purposes				
Certificates of deposit	$ 500,865	$ 489,512	$ 500,034	$ 475,856
Long-term				
Endowment fund				
Mutual funds	2,341,578	2,850,553	2,671,072	2,855,944
Government obligations	323,595	323,825	214,569	212,277
Corporate bonds	1,059,687	1,064,574	1,187,049	1,189,999
Equities	2,998,799	4,493,432	2,067,411	2,862,653
Total	6,723,659	8,732,384	6,140,101	7,120,873
Funds functioning as endowment				
Mutual and index funds	25,893,092	28,597,652	13,477,331	14,777,913
Capital reserve				
Mutual and index funds	3,728,175	3,938,360	2,947,442	3,060,651
Total long-term investments	36,344,926	41,268,396	22,564,874	24,959,437
Restricted investments				
Certificates of deposit	566,572	566,572	564,332	564,332
Total investments	$ 37,412,363	$ 42,324,480	$ 23,629,240	$ 25,999,625

Note 2 - Investments - Continued

Investment income is as follows:

	June 30, 2014			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest and dividends	$ 678,842	$ 164,899	$ -	$ 843,741
Net gains on sale of securities	1,996,032	96,150	-	2,092,182
Net unrealized gains	1,744,390	797,338	-	2,541,728
Investment fees	(60,251)	(49,864)	-	(110,115)
Net investment income	$ 4,359,013	$ 1,008,523	$ -	$ 5,367,536

	June 30, 2013			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest and dividends	$ 492,366	$ 162,088	$ -	$ 654,454
Net gains on sale of securities	305,456	41,177	-	346,633
Net unrealized gains	913,376	201,771	-	1,115,147
Investment fees	(45,883)	(42,718)	-	(88,601)
Net investment income	$ 1,665,315	$ 362,318	$ -	$ 2,027,633

Note 3 - Student Loans Receivable, Net

Student loans receivable, net, are summarized as follows:

	June 30,	
	2014	2013
Student loans receivable	$ 2,500,973	$ 2,300,440
Less allowance for doubtful accounts	25,008	22,977
	2,475,965	2,277,463
Less current portion	372,000	385,200
Long-term portion	$ 2,103,965	$ 1,892,263

The aging of the student loan portfolio by classes of loans as of June 30, 2014, is presented as follows:

Classses of Loans	Not in Repayment	Current	Less Than 240 Days Past Due	Greater Than 240 Days but Less Than Two Years Past Due	Greater Than Two Years but Less Than Five Years Past Due	Greater Than Five Years Past Due	Total
Federal Perkins Loans	$ 1,191,242	$ 269,635	$ 45,985	$ 19,891	$ 13,960	$ 28,816	$ 1,569,529
Health Professional Student Loans	493,681	363,653	22,881	12,513	38,286	430	931,444
	$ 1,684,923	$ 633,288	$ 68,866	$ 32,404	$ 52,246	$ 29,246	$ 2,500,973
As a percentage of total loan portfolio	67.37%	25.32%	2.75%	1.30%	2.09%	1.17%	100.00%

Note 3 - Student Loans Receivable, Net - Continued

Changes in allowance are as follows:

	June 30, 2014	June 30, 2013
Balance, beginning	$ 22,977	$ 22,588
Provision	4,082	913
Loans charged off	(2,051)	(524)
	$ 25,008	$ 22,977

	Perkins	HPSL	Total
Allowance for loans collectively evaluated for impairment	$ 15,694	$ 9,314	$ 25,008
Loans collectively evaluated for impairment	$ 1,569,529	$ 931,444	$ 2,500,973
Allowance as a percentage of loans individually evaluated for impairment	1.00%	1.00%	1.00%
Investment by credit quality indicator			
Performing	$ 1,506,862	$ 880,215	$ 2,387,077
Nonperforming	62,667	51,229	113,896
	$ 1,569,529	$ 931,444	$ 2,500,973

Note 4 - Pledges Receivable, Net

Pledges receivable, net, are summarized as follows:

	June 30, 2014	June 30, 2013
ACPHS Academy Program	$ 8,201	$ 508,745
Capital Campaign	578,375	766,067
Scholarships	343,143	533,065
Health Fair	9,500	15,000
Other	2,500	2,100
Unrestricted	38,530	46,250
Total	$ 980,249	$ 1,871,227

Note 4 - Pledges Receivable, Net - Continued

	June 30, 2014	June 30, 2013
Receivable in less than one year	$ 573,218	$ 1,016,872
Receivable in one to five years	407,031	829,355
Receivable in more than five years	-	25,000
Total	980,249	1,871,227
Less discounts to net present value	47,926	100,170
Less allowance for uncollectible pledges	400,000	400,000
Total pledges receivable, net	532,323	1,371,057
Less current portion	223,218	666,873
Long-term portion	$ 309,105	$ 704,184

Note 5 - Bond Issue Costs, Net

A summary of the College's bond issue costs, net, is as follows:

	June 30, 2014	June 30, 2013
Bond issue costs	$ 1,041,487	$ 1,041,487
Less accumulated amortization	305,790	271,074
Bond issue costs, net	$ 735,697	$ 770,413

Future estimated amortization expense of bond issue costs will be $34,716 for each of the next five years.

Note 6 - Agency Funds

A summary of agency funds is as follows:

	June 30, 2014	June 30, 2013
Student activity	$ 309,661	$ 298,229
Athletics	24,955	24,955
Total	$ 334,616	$ 323,184

Note 7 - Property, Plant, and Equipment, Net

A summary of property, plant, and equipment, net, is as follows:

	June 30, 2014	June 30, 2013
Land and improvements	$ 11,076,530	$ 11,076,530
Buildings and improvements	60,935,823	58,449,903
Laboratory equipment	8,037,628	7,858,847
Other equipment	3,955,027	3,890,654
Furniture and fixtures	4,128,944	4,022,656
Computer equipment	6,347,366	5,977,301
Total	94,481,318	91,275,891
Less accumulated depreciation	43,373,983	37,883,825
Property, plant, and equipment, net	51,107,335	53,392,066
Construction in progress	562,532	591,803
	$ 51,669,867	$ 53,983,869

Note 8 - Endowment

The College's endowment consists of various investments overseen by the Finance and Investment Committee of the Board of Trustees. Its 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 or Board designations.

Relevant Law

The Board of Trustees of the College has interpreted the New York State Not-For-Profit Corporation Law (NPCL) 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, management 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 procedures prescribed in NPCL Article 5-A. Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;
b. The purposes of the College and the donor-restricted endowment fund;
c. General economic conditions;
d. The possible effect of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. Other resources of the College;
g. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization, and
h. The investment policies of the College.

Note 8 - Endowment - Continued

Relevant Law - Continued

Endowment net asset composition by type of fund:

	June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (12,481)	$ 1,691,956	$ 7,904,630	$ 9,584,105
Board-designated endowment funds	29,031,424	-	-	29,031,424
	$ 29,018,943	$ 1,691,956	$ 7,904,630	$ 38,615,529

Changes in endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, *beginning of year*	$ 14,972,558	$ 683,433	$ 7,642,372	$ 23,298,363
Investment return				
Investment income	601,239	164,899	-	766,138
Net gains, realized	1,854,787	96,150	-	1,950,937
Fees	(44,231)	(49,864)	-	(94,095)
Net gains, unrealized	1,634,590	797,338	-	2,431,928
Total	4,046,385	1,008,523	-	5,054,908
Contributions	10,000,000	-	262,258	10,262,258
Endowment net assets, *end of year*	$ 29,018,943	$ 1,691,956	$ 7,904,630	$ 38,615,529

Endowment net asset composition by type of fund:

	June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (243,093)	$ 683,433	$ 7,642,372	$ 8,082,712
Board-designated endowment funds	15,215,651	-	-	15,215,651
	$ 14,972,558	$ 683,433	$ 7,642,372	$ 23,298,363

Changes in endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, *beginning of year*	$ 13,490,118	$ 321,115	$ 7,447,167	$ 21,258,400
Investment return				
Investment income	416,542	162,088	-	578,630
Net gains, realized	288,292	41,177	-	329,469
Fees	(32,502)	(42,718)	-	(75,220)
Net gains, unrealized	810,108	201,771	-	1,011,879
Total	1,482,440	362,318	-	1,844,758
Contributions	-	-	195,205	195,205
Endowment net assets, *end of year*	$ 14,972,558	$ 683,433	$ 7,642,372	$ 23,298,363

Note 8 - Endowment - Continued

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 requires the College to retain it as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $12,481 and $243,093 as of June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity 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 obtain a real rate of return on plan assets so that plan assets both grow in value at a rate that exceeds the rate of inflation over the long-term and that limits yearly volatility to acceptable levels as reviewed and determined by the Investment Committee.

Strategies Employed for Achieving Objectives

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 investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The College's policy for distributing endowment fund earnings is based on the need to support its various programs and maintenance of facilities. Whether any distributions are made from endowment funds is decided annually by the Board of Trustees in conjunction with the College's annual operating budget. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at a rate that exceeds the rate of inflation. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College has a spending policy of 4% per annum, based on an historical three-year moving average of the donor-restricted endowment fund market value on June 30. No distributions will be made which result in the market value of the donor restricted endowment to fall below the original corpus. In addition, the Board of Trustees has determined that no funds will be withdrawn from the plant capital portion, board-designated endowment.

Note 9 - Line-of-Credit

The College has a $5,000,000 unsecured working capital line-of-credit, payable on demand with interest due monthly on the outstanding balances at 1.5% above the 90-day LIBOR rate (1.73% and 1.78% at June 30, 2014 and 2013, respectively). There was no outstanding balance on the line-of-credit at both June 30, 2014 and 2013. The line-of-credit expires December 31, 2014.

Note 10 - Bonds Payable

Bonds payable are summarized as follows:

	June 30, 2014	June 30, 2013
Civic Facility Revenue Bonds, Series 2004A (a)	$ 11,915,272	$ 12,302,016
Variable Rate Demand Civic Facility Revenue Bonds, Series 2004B(b)	6,620,000	6,840,000
Tax-exempt Civic Facility Revenue Bonds, Series 2008A (c)	7,330,000	7,330,000
Total bonds	25,865,272	26,472,016
Less current portion of bonds payable	801,744	606,744
Bonds payable, long-term portion	$ 25,063,528	$ 25,865,272

(a) **Civic Facility Revenue Bonds, Series 2004A** principal payable annually in various increments through December 2034. Interest on the bonds will be payable on each June 1 and December 1 at rates from 4.000% to 5.625%, depending on the maturity date of the particular bond. The bonds are secured by the following: (a) assignment of the College's rights under the Installment Sale Agreement; (b) the guaranty by the College; (c) Trust revenues; (d) moneys deposited with or paid to the Trustee for the redemption price of a particular bond; (e) a mortgage lien and security interest in the College's leasehold interest in the Student Center and the Classroom Building, subject to the Intercreditor agreement (an agreement between the secured creditors of the 2004A and 2004B issues), and (f) a co-equal first priority security interest in the College's gross revenues. The bonds are subject to optional redemption at any time on or after December 1, 2014, at 100%. The bonds are also subject to sinking fund requirements as follows: $2,260,000 bonds maturing December 1, 2019, from 2015 to 2019; $2,935,000 bonds maturing December 1, 2024, from 2020 to 2024; and $6,090,000 bonds due December 1, 2034, from 2025 to 2034. The bond amount includes an unamortized bond reoffering premium of $240,272 and $252,016 as of June 30, 2014 and 2013, respectively.

(b) **Variable Rate Demand Civic Facility Revenue Bonds, Series 2004B** will mature on December 1, 2034. The College has the right to a fixed rate at any interest payment date. Interest is due monthly. The variable interest rate (.06% and .07% as of June 30, 2014 and 2013, respectively) shall be adjusted weekly based on the lowest rate of interest that would permit the bonds to be sold at par. The bonds are secured by the following: (a) assignment of the College's rights under the Installment Sale Agreement; (b) the guaranty by the College; (c) Trust revenues; (d) a letter of credit and the confirming letter of credit, and (e) a co-equity first priority security interest in the College's gross revenues. The letter of credit agreements are secured by mortgages on the College's Dormitory and South Hall properties. Under the credit and reimbursement agreement, the College must make payments of principal to the institution issuing the letter of credit and is required to make mandatory optional redemptions of principal, in accordance with this agreement.

(c) **Tax Exempt Civic Facility Revenue Bonds, Series 2008A** will mature on July 1, 2038. The College has the right to a fixed rate at any interest payment date. Interest is due monthly. The variable interest rate (.06% and .07% as of June 30, 2014 and 2013, respectively) shall be adjusted weekly based on the lowest rate of interest that would permit the bonds to be sold at par. The bonds are secured by the following: Trust revenues, letter of credit, first mortgage lien on and interest in mortgaged property, and assignment of the College's rights under the Installment sale agreement. Under the Credit and Reimbursement Agreement, the College must make payments of principal to the institution issuing the letter of credit and is required to make optional redemptions of principal, in accordance with this agreement.

Note 10 - Bonds Payable - Continued

The College entered into two interest rate swap contracts that effectively convert the interest rate on the notional amount of $4,000,000 of the variable rate 2004B bonds and $7,330,000 of the tax-exempt 2008A bonds to 4.18% and 3.04%, respectively. The swaps are designed to hedge the risk of the changes in the interest payments on the bonds caused by the variable rates. The swaps were issued at market terms so that they had no fair value at inception. The swap on the 2004B bonds expires during December 2014. The swap on the 2008A bonds expired during January 2013. The swap(s) have been recorded at fair value. The change in fair value resulted in a gain of $155,069 and $319,554 during the years ended June 30, 2014 and 2013, respectively.

Swap Agreement

The swap liability is classified as a current liability as the swap on the 2004B bond expires during December 2014. The College has a $540,000 certificate of deposit pledged as security in accordance with the swap agreement on the 2004B bonds.

In connection with the bond obligations, the College has unused letters of credit totaling $14,132,985.

Interest expense related to bonds payable was $664,277 and $663,993 for the years ended June 30, 2014 and 2013, respectively.

The 2004 and 2008 bonds contain certain financial covenants.

A summary of the College's future maturities of bonds payable is as follows:

	Amount
For the year ending June 30,	
2015	$ 801,744
2016	831,744
2017	876,744
2018	916,744
2019	956,744
Thereafter	21,481,552
	$ 25,865,272

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows:

	June 30,	
	2014	2013
Scholarships and prizes	$ 1,404,127	$ 836,655
ACPHS Academy program	199,634	775,453
Other programs	698,953	320,077
Capital projects	202,260	100,000
	$ 2,504,974	$ 2,032,185

Note 12 - Permanently Restricted Net Assets

Permanently restricted net assets are summarized as follows:

	June 30, 2014	June 30, 2013
Scholarships and prizes	$ 4,917,597	$ 4,655,639
Summer enrichment program	921,568	921,568
Research	1,011,943	1,011,943
Chair	1,000,000	1,000,000
Museum	53,522	53,222
O'Brien Loan Fund	34,907	34,840
	$ 7,939,537	$ 7,677,212

Note 13 - Student Tuition and Fees, Net

Student tuition and fees, net, are summarized as follows:

	Years Ended June 30, 2014	Years Ended June 30, 2013
Student tuition and fees	$ 47,824,106	$ 46,802,001
Less institutional financial aid	8,365,371	7,310,664
Total	$ 39,458,735	$ 39,491,337

Note 14 - Retirement Plans

Academic and certain other salaried employees of the College are participants in Retirement Annuity Plans sponsored by the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which is a defined contribution plan. The College's policy is to fund retirement costs as accrued. The contribution rate is based on a percentage of a participant's compensation. Total contributions by the College amounted to $1,898,275 and $1,964,108 for the years ended June 30, 2014 and 2013, respectively.

Note 15 - Postretirement Health Care Benefits Plan

The College has a defined benefit postretirement health care benefits plan (Plan) covering substantially all employees. The Plan is unfunded; however, the College makes contributions to the Plan each year for medical premiums due under the Plan.

The College recognizes the overfunded or underfunded status of the Plan as an asset or liability in its statement of financial position. The College recognizes changes in the funded status or changes in unrestricted net assets in the year in which the changes occur. The College measures the funded status of the Plan as of the date of its year-end statement of financial position.

Note 15 - Postretirement Health Care Benefits Plan - Continued

Obligations and Funded Status

The benefit obligations related to the Plan are actuarially determined by Milliman Consultants and Actuaries (Milliman), the Plan's consulting actuary.

	Years Ended June 30, 2014	Years Ended June 30, 2013
Projected benefit obligation	$ (1,928,471)	$ (1,641,070)

	June 30, 2014	June 30, 2013
Benefit cost	$ 143,694	$ 156,067
Employer contributions	$ 27,067	$ 22,983
Benefits paid	$ 27,067	$ 22,983

Assumptions

The following are weighted-average assumptions used to determine benefit obligations:

	June 30, 2014	June 30, 2013
Discount rate	4.24%	4.73%

Cash Flows

The effect of a one percentage point increase in the assumed health care cost trend rates for each future year on the accumulated postretirement obligation for health care benefits and the aggregate of the service and interest cost components on the net periodic postretirement health care benefit cost are as follows:

	Accumulated Postretirement Benefit Obligation	Service Cost plus Interest Cost
At trend	$ 1,928,471	$ 189,353
At trend + 1%	1,928,471	189,353
Percentage impact	0.00%	0.00%
At trend - 1%	1,928,471	189,353
Percentage impact	0.00%	0.00%

Note 15 - Postretirement Health Care Benefits Plan - Continued

The following benefit payments, which reflect future service as appropriate, are expected to be paid:

	Amount
For the year ending June 30,	
2015	$ 35,736
2016	40,113
2017	46,047
2018	55,937
2019	64,868
Expected benefit payments 2020 through 2024	541,842

Note 16 - Commitment and Contingencies

a. *Operating Leases*

The College has various operating leases for the use of facilities. The agreements require monthly payments ranging from $21,959 to $87,247 per month and expire at various times from August 2015 to June 2024. One of the lease agreements contains scheduled rent escalation clauses in its future minimum lease payments as well as a rent holiday. Rent expense is recognized on a straight-line basis over the applicable lease term, and the pro rata portion of rent escalations is included in accounts payable. This lease also requires the College to pay insurance, common area maintenance, and other costs, collectively referred to as operating costs. These costs are recognized as incurred and included in rent expense. The lease was also amended to require a deposit of $150,000 for the right of first offer on a parcel of land, adjacent to the rented facility. The College recorded the deposit in other long-term assets and will amortize the deposit over the term of the option. The deposit was fully amortized as of June 30, 2013.

Rent expense on these operating leases was $1,480,834 and $1,414,001 for the years ended June 30, 2014 and 2013, respectively.

In addition to the above, the College entered into two sublease agreements, for the facility leased by the College in Vermont. Each of the leases requires the payment of base rent plus additional rent for insurance, common area maintenance, and other costs. The subleases expire December 2014 and April 2017.

Rental income on these leases, including additional rent, was $282,803 and $224,676 for the years ended June 30, 2014 and 2013, respectively.

A summary of future minimum lease payments, including rent escalation, less sublease rental income for the next five years, are as follows. Future minimum payments listed below do not include operating costs for which the College is obligated.

	Operating Leases	Sublease Rental Income	Net
For the year ending June 30,			
2015	$ 1,139,561	$ 152,836	$ 986,725
2016	937,490	120,993	816,497
2017	911,442	102,960	808,482
2018	929,671	-	929,671
2019	948,265	-	948,265

Note 16 - Commitment and Contingencies - Continued

b. Rental Income

The College has a thirty-nine year lease agreement with CHF-Holland Suites, LLC to lease a portion of a College-owned facility to construct and furnish a 177-bed student housing facility and the rights to 177 parking spots. The entire lease of $4.3 million was paid in advance.

The College has a forty-year lease agreement with CHF-Holland Suites II, LLC to lease an additional portion of a College-owned facility to construct and furnish a 122-bed student housing facility. The entire lease of $1 million was paid in advance.

Both of the leases terminate when the thirty-year CHF bonds, issued for the purpose of constructing and furnishing the facilities, are paid in full. Therefore, the advance rent is being recognized as income using the straight-line method over the life of the bonds. Rental income under the leases was $176,667 for both years ended June 30, 2014 and 2013.

Rental income to be recognized over each of the next five years is $176,667.

c. The Bookstore LLC

The College contracted with independent corporations to manage the bookstore and the cafeteria during the years ended June 30, 2014 and 2013. During the years ended June 30, 2014 and 2013, the College reported the revenues and expenses of these operations in the statement of activities.

The College formed a Limited Liability Company "The Bookstore LLC" with two other educational institutions to serve as a common bookstore for all three institutions. The College had a 41.0% and 39.2% membership interest in the LLC at June 30, 2014 and 2013, respectively. The location of the bookstore is in the College's student center.

The LLC entered into a lease with the College for the bookstore space in May 2006. The lease is through 2045. The rent is the sum of the bookstore's pro rata share of ground rent under the terms of the ground lease the College had with UHA. As an inducement to construct the bookstore space, Sage Colleges and Albany Law School entered into an agreement with the College, whereas each of the educational institutions paid the College a non-refundable payment of $249,999, or a total of $499,998.

d. Federal Government Student Loan Program

Funds provided under the federal government student loan program are loaned to qualified students and may be re-loaned after collection. If the College were to terminate the program, these funds would be returnable to government.

e Food Service Contract

The College has a contract with Chartwells to provide food services. Under the terms of the contract, Chartwells funded $1,339,077 of capital improvements to the College's dining service program. The College holds title to the improvements. Chartwells will amortize this investment over 116 months. In the unlikely event that the food service contract is terminated prior to May 31, 2020, the College will be liable for liquidated damages to Chartwells, calculated based on the number of months remaining on the contract from October 2010 through May 2020. During both years ended June 30, 2014 and 2013, the College reflected $138,525 as revenue on this agreement. The balance that has been deferred as of June 30, 2014, is $819,607.

Note 17 - Risks and Uncertainties

a. Concentration of Credit Risk

The College maintains cash balances in a financial institution located in the northeast. Accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At times, the College has bank deposits in excess of amounts insured by the FDIC.

b. Contract and Grant Administration

Federally funded financial aid programs and research and development grants are subject to special audit. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

c. Litigation

The College is a defendant in legal proceedings; however, management and counsel believe these suits are without merit. In the event of an unfavorable outcome, insurance coverage is adequate to prevent a material effect on the statement of financial position.

Note 18 - Fair Value of Financial Instruments

The College determines the fair value of financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 Unobservable inputs that are supported by little or no market activity.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of valuation methodologies used for assets and liabilities measured at fair value at June 30, 2014 and 2013:

Certificates of Deposit: The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Corporate Bonds: Valued at yields currently available on comparable securities of issuers with similar credit ratings. The bonds are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Government Obligations: Valued at yields currently available on comparable securities of issuers with similar credit ratings.

Note 18 - Fair Value of Financial Instruments - Continued

U.S. Treasury Obligations and Equities: Valued at the closing price reported in the active market in which the individual security is traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the College are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the College are deemed to be actively traded.

Obligations Under Interest Rate Swap: The fair value of the swap agreement is estimated by discounting the expected future cash flows using relevant mid-market data inputs and based on assumptions of no unusual market conditions or forced liquidation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

A summary of assets and liabilities measured at fair value on a recurring basis are summarized below:

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 1,056,084	$ -	$ 1,056,084
Corporate bonds	-	1,064,574	-	1,064,574
Government obligations	-	323,825	-	323,825
Equities				
Large cap	3,680,330	-	-	3,680,330
Mid cap	499,321	-	-	499,321
International	313,781	-	-	313,781
Mutual funds				
Bond	11,714,237	-	-	11,714,237
Large cap	18,798,225	-	-	18,798,225
Mid cap	1,362,810	-	-	1,362,810
Small cap	1,057,461	-	-	1,057,461
International	2,333,790	-	-	2,333,790
Other	120,042	-	-	120,042
	$ 39,879,997	$ 2,444,483	$ -	$ 42,324,480
Liabilities				
Obligations under interest rate swap	$ -	$ 88,158	$ -	$ 88,158

Note 18 - Fair Value of Financial Instruments - Continued

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 1,040,188	$ -	$ 1,040,188
Corporate bonds	-	1,189,999	-	1,189,999
Government obligations	-	212,277	-	212,277
Equities				
Large cap	2,710,971	-	-	2,710,971
International	151,682	-	-	151,682
Mutual funds				
Bond	9,072,522	-	-	9,072,522
Large cap	7,074,344	-	-	7,074,344
Mid cap	1,566,536	-	-	1,566,536
Small cap	1,181,601	-	-	1,181,601
International	1,371,947	-	-	1,371,947
Other	427,558	-	-	427,558
	$ 23,557,161	$ 2,442,464	$ -	$ 25,999,625
Liabilities				
Obligations under interest rate swap	$ -	$ 243,227	$ -	$ 243,227

Albany College of Pharmacy and Health Sciences

Supplementary Information - Functional Expenses

Year Ended June 30, 2014

	Administrative and General	Fundraising	Plant, Operations, and Maintenance	Admissions and Student Services	Security University Heights	Office of Post-Graduate Education	Library and Instruction	Research	Student Financial Aid	Auxiliary Services	Total
Compensation	$ 4,487,491	$ 684,455	$ 679,672	$ 2,146,212	$ -	$ 166,555	$ 10,530,171	$ 1,417,684	$ 263,127	$ -	$ 20,375,367
Fringe benefits	1,345,204	205,177	203,744	643,365	-	49,928	3,156,603	424,976	-	-	6,028,997
Amortization	-	-	34,716	-	-	-	-	-	-	-	34,716
Bad debt	88,992	-	-	-	-	-	-	-	-	-	88,992
Bank fees	46,839	106	148,028	-	-	-	-	-	-	-	194,973
Books, audio video, material, and cataloging	-	-	-	-	-	-	393,324	-	-	-	393,324
Consultants	64,254	-	-	-	-	-	15,041	235,780	-	-	315,075
Cost of operations	-	-	-	-	-	-	-	-	-	2,229,933	2,229,933
Depreciation	-	-	5,490,159	-	-	-	-	-	-	-	5,490,159
Events	209,817	139,660	-	151,259	-	15,144	-	-	-	-	515,880
Honoraria	-	1,000	-	-	-	41,118	3,944	6,000	-	-	52,062
Insurance	206,668	-	20,159	-	-	-	-	15,249	-	116,432	358,508
Interest	-	-	664,277	-	-	-	-	-	-	-	664,277
Lease	-	-	-	-	-	-	1,217,323	263,511	-	-	1,480,834
Membership dues	81,170	11,486	-	48,390	-	-	5,462	5,692	-	-	152,200
Non-capitalized equipment	42,637	-	14,137	2,925	-	-	141,509	16,266	-	4,360	221,834
Photocopy	173,443	1,651	-	-	-	-	-	-	-	-	175,094
Postage	78,758	4,252	-	-	-	-	-	-	-	-	83,010
Printing and publications	119,042	10,441	-	160,482	-	1,200	88	3,336	-	-	294,589
Professional development	1,895	2,148	-	-	-	-	59,210	9,460	-	-	72,713
Professional fees	213,628	-	-	-	-	-	-	-	-	-	213,628
Repairs and maintenance	94,060	-	829,086	-	-	-	55,855	180,246	-	201,360	1,360,607
Security contracts	-	-	51,032	-	837,551	-	-	-	-	-	888,583
Student dorm cable, internet, and phone	-	-	-	-	-	-	-	-	-	40,063	40,063
Student financial aid	-	-	-	-	-	-	-	-	490,099	-	490,099
Student recruitment	-	-	-	254,542	-	-	-	-	-	-	254,542
Supplies	138,080	40,082	57,364	305,430	-	8,416	281,908	432,858	-	16,591	1,280,729
Phone	38,810	-	6,517	1,863	-	-	-	-	-	-	47,190
Travel	42,157	66,228	6,084	50,520	-	1,962	166,571	40,161	-	-	373,683
Utilities	-	-	811,498	-	-	-	-	150,364	-	198,102	1,159,964
Other	954,243	5,540	4,115	141,424	121,750	345	527,919	164,888	-	38,720	1,958,944
Total	8,427,188	1,172,226	9,020,588	3,906,412	959,301	284,668	16,554,928	3,366,471	753,226	2,845,561	47,290,569
Reallocation of Plant	2,205,655	306,808	(9,020,588)	1,022,429	-	74,506	4,332,937	881,110	197,143	-	-
	$ 10,632,843	$ 1,479,034	$ -	$ 4,928,841	$ 959,301	$ 359,174	$ 20,887,865	$ 4,247,581	$ 950,369	$ 2,845,561	$ 47,290,569

	Year Ended June 30, 2013										
	Administrative and General	Fundraising	Plant, Operations, and Maintenance	Admissions and Student Services	Security University Heights	Office of Post-Graduate Education	Library and Instruction	Research	Student Financial Aid	Auxiliary Services	Total
Compensation	$ 4,969,824	$ 671,630	$ 647,399	$ 2,110,273	$ -	$ 163,283	$ 10,408,964	$ 1,421,605	$ 296,452	$ -	$ 20,689,430
Fringe benefits	1,443,111	196,232	189,152	616,563	-	47,707	3,041,212	415,353	-	-	5,949,330
Amortization	-	-	81,383	-	-	-	-	-	-	-	81,383
Bad debt	21,645	-	-	-	-	-	-	-	-	-	21,645
Bank fees	75,968	182	140,203	-	-	-	-	-	-	-	216,353
Books, audio video, material, and cataloging	-	-	-	-	-	-	379,220	-	-	-	379,220
Consultants	50,932	-	-	-	-	-	10,200	53,518	-	-	114,650
Cost of operations	-	-	-	-	-	-	-	-	-	2,157,615	2,157,615
Depreciation	-	-	5,453,595	-	-	-	-	-	-	-	5,453,595
Events	137,454	163,246	-	116,451	-	67,226	-	-	-	-	484,377
Honoraria	-	-	-	-	-	52,931	2,311	4,500	-	-	59,742
Insurance	192,293	-	20,140	-	-	-	-	15,235	-	116,325	343,993
Interest	-	-	663,993	-	-	-	-	-	-	-	663,993
Lease	-	-	-	-	-	-	1,152,399	261,602	-	-	1,414,001
Membership dues	75,566	9,198	-	47,328	-	-	1,861	6,176	-	-	140,129
Non-capitalized equipment	127,477	-	18,971	10,096	-	-	36,348	15,803	-	5,534	214,229
Photocopy	167,467	793	-	-	-	-	-	-	-	-	168,260
Postage	81,929	3,248	-	-	-	4,900	-	-	-	-	90,077
Printing and publications	105,405	16,856	-	132,498	-	6,711	-	1,609	-	-	263,079
Professional development	-	2,022	-	-	-	-	51,863	7,525	-	-	61,410
Professional fees	148,888	-	-	-	-	-	-	-	-	-	148,888
Repairs and maintenance	68,896	-	899,622	-	-	-	17,297	152,068	-	180,549	1,318,432
Security contracts	-	-	67,619	-	789,194	-	-	-	-	-	856,813
Student dorm cable, internet, and phone	-	-	-	-	-	-	-	-	-	17,273	17,273
Student financial aid	-	-	-	-	-	-	-	-	493,984	-	493,984
Student recruitment	-	-	-	251,182	-	-	-	-	-	-	251,182
Supplies	130,808	51,268	63,881	261,252	-	7,635	398,828	422,628	-	33,951	1,370,251
Phone	39,962	-	6,579	2,056	-	-	60	-	-	-	48,657
Travel	53,098	68,236	4,708	55,903	-	2,287	181,301	47,276	-	-	412,809
Utilities	-	-	736,826	-	-	-	-	131,235	-	173,612	1,041,673
Other	913,294	2,301	10,180	44,001	113,170	-	540,389	104,588	-	11,635	1,739,558
Total	8,804,017	1,185,212	9,004,251	3,647,603	902,364	352,680	16,222,253	3,060,721	790,436	2,696,494	46,666,031
Reallocation of Plant	2,327,269	313,301	(9,004,251)	964,214	-	93,228	4,288,218	809,076	208,945	-	-
	$ 11,131,286	$ 1,498,513	$ -	$ 4,611,817	$ 902,364	$ 445,908	$ 20,510,471	$ 3,869,797	$ 999,381	$ 2,696,494	$ 46,666,031

See Independent Auditor's Report.

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Albany College of Pharmacy
AND HEALTH SCIENCES

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

June 30, 2013

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

June 30, 2013

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Audit Committee
Albany College of Pharmacy and Health Sciences
Albany, New York

Report on the Financial Statements

We have audited the accompanying statement of financial position of Albany College of Pharmacy and Health Sciences as of June 30, 2013, and the related statements of activities 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 auditor's 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 Albany College of Pharmacy and Health Sciences as of June 30, 2013, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Albany College of Pharmacy and Health Sciences' 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information presented on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bollam Sheedy Torani & Co LLP

Albany, New York
October 17, 2013

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

STATEMENT OF FINANCIAL POSITION

ASSETS	June 30, 2013 (comparative totals for 2012) 2013	2012
CURRENT ASSETS		
Cash	$ 27,121,055	$ 21,912,988
Investments, short-term	475,856	656,111
Accrued interest and dividends	12,373	29,585
Accounts receivable, students, net	691,841	650,432
Accounts receivable, government entities	586,444	560,557
Student loans receivable, net, current portion	385,200	385,200
Pledges receivable, net, current portion	666,873	997,632
Other receivables, net	285,351	512,930
Prepaid expenses	564,081	335,041
Total current assets	30,789,074	26,040,476
	53,983,869	55,310,497
PROPERTY, PLANT, AND EQUIPMENT, net		
OTHER ASSETS		
Restricted cash	859,506	1,611,655
Restricted investments	564,332	562,080
Deposits with Bond Trustees	1,155,041	1,155,041
Investments, long-term	24,959,437	21,310,084
Student loans receivable, net	1,892,263	1,851,160
Pledges receivable, net	704,184	636,572
Bond issue costs, net	770,413	805,129
Other assets	899,156	917,485
Agency funds	323,184	290,196
	32,127,516	29,139,402
TOTAL ASSETS	$ 116,900,459	$ 110,490,375

The accompanying Notes to Financial Statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	June 30, 2013 (comparative totals for 2012) 2013	2012
CURRENT LIABILITIES		
Bonds payable, current portion	$ 606,744	$ 386,744
Obligation under interest rate swap, current portion	-	175,717
Accounts payable and accrued liabilities	2,623,425	1,439,994
Deferred revenue and deposits, current portion	4,151,146	4,362,299
Total current liabilities	7,381,315	6,364,754
OTHER LIABILITIES		
Advances from Federal government for student loans	2,287,993	2,236,208
Bonds payable, less current portion	25,865,272	26,472,016
Obligation under interest rate swap, less current portion	243,227	387,064
Deferred revenue and deposits, less current portion	4,875,718	5,190,910
Other liabilities	1,061,529	1,028,855
Postretirement health care benefits obligation	1,641,070	1,616,157
Deposits held in custody for others	323,184	290,196
	36,297,993	37,221,406
Total liabilities	43,679,308	43,586,160
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted net assets		
For current operations	12,922,992	10,328,865
Funds functioning as an endowment and designated for student loans	18,383,313	16,421,856
Designated for plant capital	3,000,000	2,200,000
Investment in property, plant, and equipment	29,205,449	28,818,749
	63,511,754	57,769,470
Temporarily restricted net assets	2,032,185	1,653,021
Permanently restricted net assets	7,677,212	7,481,724
	73,221,151	66,904,215
TOTAL LIABILITIES AND NET ASSETS	$ 116,900,459	$ 110,490,375

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
	Year Ended June 30, 2013 (comparative totals for 2012)				
REVENUES, GAINS, AND SUPPORT					
Educational and general					
Student tuition and fees, net ($7,310,664 and $5,980,298, respectively)	$ 39,491,337	$ -	$ -	$ 39,491,337	$ 38,688,079
Student fees	1,050,040	-	-	1,050,040	1,215,820
Government contracts and grants	1,473,776	-	-	1,473,776	1,213,036
Other contracts and grants	599,655	-	-	599,655	800,432
Recovery of indirect costs	573,511	-	-	573,511	520,908
Gifts and pledges	212,323	868,973	195,455	1,276,751	1,537,973
Interest and dividends	83,201	-	33	83,234	71,425
Office of post-graduate education	188,507	-	-	188,507	197,207
Other sources	1,161,715	-	-	1,161,715	951,934
	44,834,065	868,973	195,488	45,898,526	45,196,814
Auxiliary services					
Student housing	2,660,616	-	-	2,660,616	2,579,017
Student meal plan	2,234,041	-	-	2,234,041	2,078,558
Bookstore	53,980	-	-	53,980	58,385
	4,948,637	-	-	4,948,637	4,715,960
Net assets released from restrictions	852,127	(852,127)	-	-	-
Total revenues, gains, and support	50,634,829	16,846	195,488	50,847,163	49,912,774

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
	Year Ended June 30, 2013 (comparative totals for 2012)				
EXPENSES AND LOSSES					
Administration and general	$ 11,131,286	$ -	$ -	$ 11,131,286	$ 10,092,893
Fundraising	1,498,513	-	-	1,498,513	1,503,474
Program					
Admissions and student services	4,611,817	-	-	4,611,817	3,845,993
Security, University Heights	902,364	-	-	902,364	896,060
Office of post-graduate education	445,908	-	-	445,908	402,112
Library and instruction	20,510,471	-	-	20,510,471	20,040,508
Research	3,869,797	-	-	3,869,797	4,026,406
Student financial aid	999,381	-	-	999,381	902,459
Auxiliary services	2,696,494	-	-	2,696,494	2,635,418
Total expenses and losses	46,666,031	-	-	46,666,031	44,345,323
Increase in net assets from operations	**3,968,798**	**16,846**	**195,488**	**4,181,132**	**5,567,451**
Investment income, net	1,665,315	362,318	-	2,027,633	716,000
Increase in net assets	**5,634,113**	**379,164**	**195,488**	**6,208,765**	**6,283,451**
Postretirement health care plan adjustments other than net periodic benefit costs	108,171	-	-	108,171	(347,549)
NET ASSETS, beginning of year	57,769,470	1,653,021	7,481,724	66,904,215	60,968,313
NET ASSETS, end of year	**$ 63,511,754**	**$ 2,032,185**	**$ 7,677,212**	**$ 73,221,151**	**$ 66,904,215**

The accompanying Notes to Financial Statements are an integral part of these statements.

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

STATEMENT OF CASH FLOWS

	Year Ended June 30, 2013 (comparative totals for 2012) 2013	2012
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Increase in net assets	$ 6,208,765	$ 6,283,451
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	5,453,595	5,042,557
Amortization, net	69,639	69,639
Change in allowances and bad debts	(13,504)	(41,487)
Net gains on investments	(1,461,780)	(295,109)
Contributions of equipment	-	9,600
Contributions restricted for long-term investment	(617,235)	(579,336)
Gain on disposal of property, plant, and equipment	(3,000)	(2,052)
Rental and cafeteria income	(315,192)	(315,192)
Change in fair value of interest rate swap	(319,554)	(217,993)
Net change in postretirement health care benefits obligation	133,084	85,413
(Increase) decrease in		
Accrued interest and dividends	17,212	969
Accounts receivable, students	(63,054)	(300,458)
Accounts receivable, government entities	(25,887)	(125,738)
Other receivables	227,579	(116,889)
Prepaid expenses and other current assets	(229,040)	(108,301)
Other assets	(28,338)	(152,498)
Increase (decrease) in		
Accounts payable and accrued liabilities	1,452,744	(591,313)
Other liabilities	32,674	46,989
Deferred income and deposits	(211,153)	1,128,358
	10,307,555	**9,820,610**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Construction payable	(269,313)	(1,162,972)
Proceeds from the sale of investments and maturities	8,454,731	6,474,137
Purchases of investments	(10,464,301)	(8,969,888)
Proceeds from the sale of property, plant, and equipment	3,000	12,309
Purchase of property, plant, and equipment	(4,126,967)	(4,616,588)
Student loans issued	(415,285)	(393,648)
Repayments of student loans	373,268	436,193
(Increase) decrease in restricted cash	752,149	(465,967)
	(5,692,718)	**(8,686,424)**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Collection of pledges receivable	916,445	660,274
Principal payments on bonds	(375,000)	(345,000)
Governmental advances and governmental share of interest	51,785	37,934
	593,230	**353,208**
Net increase in cash	**5,208,067**	**1,487,394**
CASH, beginning of year	21,912,988	20,425,594
CASH, end of year	$ 27,121,055	$ 21,912,988
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 997,211	$ 1,084,545

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

Albany College of Pharmacy and Health Sciences (College) was organized in 1881 as the Department of Pharmacy of Union University. In the 1920's, the professional colleges of Union University, which includes Albany College of Pharmacy, Albany Medical College, and Albany Law School, all constructed their original buildings on New Scotland Avenue in Albany, New York. Although each of the institutions comprising Union University is functionally autonomous, Union College and the professional schools of the university maintain a close but informal association for the benefit of more than 4,500 undergraduate and graduate students currently enrolled in the diverse university programs.

The student population of the College represents various states and foreign countries with most of its students coming from upstate New York.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

b. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

The financial statements present information regarding the College's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated by donor restrictions.

Unrestricted net assets are not subject to donor restrictions and are described as follows:

Unrestricted net assets, current operations include the revenues and expenses associated with the principal educational mission of the College.

Unrestricted net assets, funds functioning as an endowment and designated for student loans include revenue and expenses associated with sponsored research agreements. In addition, College contributions to federal student loan funds and internally designated endowment funds are included.

Unrestricted net assets, designated for plant capital include amounts designated for future capital needs of the College.

Unrestricted net assets - Investment in property, plant, and equipment include gifts and income earned on unexpended balances for capital projects which are currently under construction, future capital projects, and transfers from the operating budget to fund the debt service requirements for outstanding bonds. The College follows the policy of lifting the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the asset is used for construction or is acquired. Assets are carried net of accumulated depreciation, computed on a straight-line basis over the estimated useful lives of the assets. Equipment is removed from the records at the time of disposal. The College follows the policy of recording contributions of long-lived assets at their estimated fair market value at the date of receipt.

Temporarily restricted net assets include gifts for which donor imposed restrictions will be met in future periods and trust activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

b. *Basis of Accounting and Financial Statement Presentation* - Continued

Permanently restricted net assets include gifts and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for use in accordance with donor restrictions.

c. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. *Fair Value Measurement*

The College reports certain assets and liabilities at fair value. Fair value is defined as an 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 between market participants on the measurement date (Note 19).

Effective June 30, 2013, the College adopted Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS.* ASU 2011-04 clarifies existing guidance and makes wording changes to align with International Financial Reporting Standards. In addition, certain amendments to this ASU change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The adoption of ASU 2011-04 did not have a material impact on the College's financial statements.

e. *Student Accounts and Loans Receivable, Net*

The College extends credit to students in the form of accounts receivable and loans for educational expenses. The default rate on federal student loans programs is less than 1%.

The College's student loan receivable consists of revolving loan funds for the Federal Perkins Loans and Health Professional Student Loans for which the College acts as an agent for the federal government in administering the loan programs to assist students in funding their education.

The College provides an allowance for doubtful accounts, which is determined based on collection history and a review of the open accounts by management. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. Student accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 30 days.

f. *Pledges Receivable, Net*

The College records unconditional promises as revenues or gains in the period received at fair value, using the present value of estimated future cash flows discounted at rates which are commensurate with the risks associated with these pledges.

Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 4.18% at both June 30, 2013 and 2012.

g. *Property, Plant, and Equipment, Net*

Property, plant, and equipment are reported at cost. Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property, plant, and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets. Expenditures for new construction, major renewals and replacements, and equipment with costs over $3,000 are capitalized.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

g. *Property, Plant, and Equipment, Net* - Continued

The College reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, management reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Depreciation is computed using the straight-line method based on the estimated useful lives (5-50 years) of the various assets.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. There were no impairments of long-lived assets at June 30, 2013 and 2012.

h. *Recognition of Donor Restrictions*

The College reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the College reports the support as unrestricted.

i. *Restricted Cash and Restricted Investments*

Restricted cash and investments consist of funds set aside for student loan programs, interest rate swap contract and permanent endowment funds.

j. *Investments and Restricted Investments*

Investments are reported at fair value. The realized and unrealized gains (losses), interest, and dividends are reported as investment income on the statement of activities. Realized gains and losses are calculated using the specific identification method.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the College to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management determined that there were no other-than-temporary impairments as of June 30, 2013 and 2012.

Investment securities are exposed to various risks, such as interest rate, market, and credit. 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 change could materially affect the amounts report in the statement of financial position.

k. *Deposits with Bond Trustees*

Deposits with Bond Trustees represent funds which can only be used for debt service or the bond project.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l. Bond Issue Costs

Bond issue costs are amortized over the term of the bond using the straight-line method.

m. Deferred Revenue and Advances

Deferred revenue and advances include the following:

- Deferred rental revenue which is recognized as revenue on a straight-line basis over thirty years.
- Deferred tuition collected in advance of the school year, which is recognized as revenue during the school year to which the tuition relates.
- Deferred grants received prior to grant revenue being earned, which is recognized as revenue when grants are expended.
- Advances from the federal government for student loans represent loan funds provided to students by the federal government through the College. The College collects the loans on behalf of the federal government. The amount due from the student is reported in Student loans receivable on the College's statement of financial position.

n. Advertising Expenses

The College expenses advertising costs as they are incurred. Advertising expenses amounted to $87,014 and $83,048 for the years ended June 30, 2013 and 2012, respectively.

o. Functional Expenses

Functional expenses are allocated directly to programs, when appropriate. Indirect expenses are allocated based on the rates of direct program costs incurred in each program to total direct program costs.

p. Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The College has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code.

The College files a Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the College's tax positions, including interest and penalties attributable thereto, and concluded that no tax positions that required adjustment in its financial statements as of June 30, 2013 and 2012.

Forms 990 filed by the College are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the College are no longer subject to examination for the fiscal years ended June 30, 2009, and prior.

q. Subsequent Events

The College has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through October 17, 2013, the date the financial statements were available to be issued.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

r. Prior Year Summarized Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the College's previously issued financial statements for the year ended June 30, 2012, from which the summarized information was derived.

s. Reclassifications

Certain 2012 amounts have been reclassified to conform with 2013 presentation.

NOTE 2 - INVESTMENTS

A summary of the College's investments in marketable securities is as follows:

	June 30,			
	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Current				
Investments held for operating fund purposes				
Certificates of deposit	$ 500,034	$ 475,856	$ 674,364	$ 656,111
Long-term				
Endowment fund				
Mutual funds	2,671,072	2,855,944	1,701,650	1,792,077
Government obligations	214,569	212,277	209,107	210,852
Corporate bonds	1,187,049	1,189,999	1,114,847	1,138,739
Equities	2,067,411	2,862,653	2,005,269	2,415,131
Total	6,140,101	7,120,873	5,030,873	5,556,799
Funds functioning as endowment				
Government obligations	-	-	818,116	838,186
Mutual and index funds	13,477,331	14,777,913	7,240,367	7,650,585
Corporate bonds	-	-	1,364,262	1,380,032
Equities	-	-	3,567,041	3,864,532
Total	13,477,331	14,777,913	12,989,786	13,733,335
Capital reserve				
Mutual and index funds	2,947,442	3,060,651	2,015,933	2,019,950
Total long-term investments	22,564,874	24,959,437	20,036,592	21,310,084
Restricted investments				
Certificates of deposit	564,332	564,332	562,080	562,080
Total investments	$ 23,629,240	$ 25,999,625	$ 21,273,036	$ 22,528,275

NOTE 2 - INVESTMENTS - Continued

Investment income (loss) is as follows:

	June 30, 2013			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest income	$ 492,366	$ 162,088	$ -	$ 654,454
Net gains on sale of securities	305,456	41,177	-	346,633
Net unrealized gains	913,376	201,771	-	1,115,147
Investment fees	(45,883)	(42,718)	-	(88,601)
Net investment income	$ 1,665,315	$ 362,318	$ -	$ 2,027,633

	June 30, 2012			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Interest income	$ 420,526	$ 104,940	$ -	$ 525,466
Net gains on sale of securities	108,203	92,557	-	200,760
Net unrealized gains (losses)	260,394	(166,045)	-	94,349
Investment fees	(68,222)	(36,353)	-	(104,575)
Net investment income (loss)	$ 720,901	$ (4,901)	$ -	$ 716,000

NOTE 3 - ACCOUNTS RECEIVABLE, STUDENTS, NET

Accounts receivable, students, net, are summarized as follows:

	June 30,	
	2013	2012
Accounts receivable	$ 791,841	$ 750,432
Less allowance for doubtful accounts	100,000	100,000
	$ 691,841	$ 650,432

NOTE 4 - OTHER RECEIVABLES, NET

Other receivables, net, are summarized as follows:

	June 30,	
	2013	2012
Grants receivable	$ 97,136	$ 211,220
Other receivables	288,215	401,710
	385,351	612,930
Less allowance for doubtful accounts	100,000	100,000
	$ 285,351	$ 512,930

NOTE 5 - STUDENT LOANS RECEIVABLE, NET

Student loans receivable, net, are summarized as follows:

	June 30, 2013	June 30, 2012
Student loans receivable	$ 2,300,440	$ 2,258,948
Less allowance for doubtful accounts	22,977	22,588
	2,277,463	2,236,360
Less current portion	385,200	385,200
Long-term portion	$ 1,892,263	$ 1,851,160

The aging of the student loan portfolio by classes of loans as of June 30, 2013, is presented as follows:

Classses of Loans	Not in Repayment	Current	Less Than 240 Days Past Due	Greater Than 240 Days but Less Than Two Years Past Due	Greater Than Two Years but Less Than Five Years Past Due	Greater Than Five Years Past Due	Total
Federal Perkins Loans	$ 937,574	$ 331,957	$ 32,084	$ 25,644	$ 15,600	$ 22,742	$ 1,365,601
Health Professional Student Loans	529,849	335,767	25,135	1,372	38,286	4,430	934,839
	$ 1,467,423	$ 667,724	$ 57,219	$ 27,016	$ 53,886	$ 27,172	$ 2,300,440
As a percentage of total loan portfolio	63.79%	29.03%	2.49%	1.17%	2.34%	1.18%	100.00%

Changes in allowance are as follows:

	June 30, 2013	June 30, 2012
Balance, beginning	$ 22,588	$ 23,022
Provision	913	(434)
Loans charged off	(524)	-
	$ 22,977	$ 22,588

	Perkins	HPSL	Total
Allowance for loans collectively evaluated for impairment	$ 13,654	$ 9,323	$ 22,977
Loans collectively evaluated for impairment	$ 1,365,601	$ 934,839	$ 2,300,440
Allowance as a percentage of loans individually evaluated for impairment	1.00%	1.00%	1.00%
Investment by credit quality indicator			
Performing	$ 1,301,615	$ 890,751	$ 2,192,366
Nonperforming	63,986	44,088	108,074
	$ 1,365,601	$ 934,839	$ 2,300,440

NOTE 6 - PLEDGES RECEIVABLE, NET

Pledges receivable, net, are summarized as follows:

	June 30, 2013	June 30, 2012
ACP Academy Program	$ 508,745	$ 698,282
Capital Campaign	766,067	681,166
Scholarships	533,065	749,952
Health Fair	15,000	13,545
Other	2,100	2,022
Unrestricted	46,250	25,470
Total	$ 1,871,227	$ 2,170,437

	June 30, 2013	June 30, 2012
Receivable in less than one year	$ 1,016,872	$ 1,479,197
Receivable in one to five years	442,931	666,238
Receivable in more than five years	411,424	25,000
Total	1,871,227	2,170,435
Less discounts to net present value	100,170	136,231
Less allowance for uncollectible pledges	400,000	400,000
Total pledges receivable, net	1,371,057	1,634,204
Less current portion	666,873	997,632
Long-term portion	$ 704,184	$ 636,572

NOTE 7 - BOND ISSUE COSTS, NET

A summary of the College's bond issue costs, net, is as follows:

	June 30, 2013	June 30, 2012
Bond issue costs	$ 1,041,487	$ 1,041,487
Less accumulated amortization	271,074	236,358
Bond issue costs, net	$ 770,413	$ 805,129

Future estimated amortization expense of bond issue costs will be $34,716 for each of the next five years.

NOTE 8 - AGENCY FUNDS

A summary of agency funds is as follows:

	June 30, 2013	June 30, 2012
Student activity	$ 298,229	$ 265,241
Athletics	24,955	24,955
Total	$ 323,184	$ 290,196

NOTE 9 - PROPERTY, PLANT, AND EQUIPMENT, NET

A summary of property, plant, and equipment, net, is as follows:

	June 30, 2013	June 30, 2012
Land and improvements	$ 11,076,530	$ 8,934,828
Buildings and improvements	58,449,903	56,423,117
Laboratory equipment	7,858,847	7,474,016
Other equipment	3,890,654	3,798,421
Furniture and fixtures	4,022,656	3,999,763
Computer equipment	5,977,301	5,950,142
Total	91,275,891	86,580,287
Less accumulated depreciation	37,883,825	32,485,858
Property, plant, and equipment, net	53,392,066	54,094,429
Construction in progress	591,803	1,216,068
	$ 53,983,869	$ 55,310,497

NOTE 10 - ENDOWMENT

The College's endowment consists of various investments overseen by the Investment Committee of the Board of Trustees. Its 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 or Board designations.

Relevant Law

The Board of Trustees of the College has interpreted the New York State Not-For-Profit Corporation Law (NPCL) 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, management 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 procedures prescribed in NPCL Article 5-A. Management considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;
b. The purposes of the College and the donor-restricted endowment fund;
c. General economic conditions;
d. The possible effect of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. Other resources of the College;
g. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization, and
h. The investment policies of the College.

NOTE 10 - ENDOWMENT - Continued

Endowment net asset composition by type of fund:

	June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (243,093)	$ 683,433	$ 7,642,372	$ 8,082,712
Board-designated endowment funds	15,215,651	-	-	15,215,651
	$ 14,972,558	$ 683,433	$ 7,642,372	$ 23,298,363

Changes in endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 13,490,118	$ 321,115	$ 7,447,167	$ 21,258,400
Investment return				
Investment income	416,542	162,088	-	578,630
Net gains, realized	288,292	41,177	-	329,469
Fees	(32,502)	(42,718)	-	(75,220)
Net gains, unrealized	810,108	201,771	-	1,011,879
Total	1,482,440	362,318	-	1,844,758
Contributions	-	-	195,205	195,205
Endowment net assets, end of year	$ 14,972,558	$ 683,433	$ 7,642,372	$ 23,298,363

Endowment net asset composition by type of fund:

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (496,169)	$ 321,115	$ 7,447,167	$ 7,272,113
Board-designated endowment funds	13,986,287	-	-	13,986,287
	$ 13,490,118	$ 321,115	$ 7,447,167	$ 21,258,400

Changes in endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 9,791,033	$ 326,017	$ 6,916,571	$ 17,033,621
Investment return				
Investment income	373,156	104,939	-	478,095
Net gains, realized	104,400	92,557	-	196,957
Fees	(68,222)	(36,353)	-	(104,575)
Net gains (losses), unrealized	289,751	(166,045)	-	123,706
Total	699,085	(4,902)	-	694,183
Contributions	3,000,000	-	530,596	3,530,596
Endowment net assets, end of year	$ 13,490,118	$ 321,115	$ 7,447,167	$ 21,258,400

NOTE 10 - ENDOWMENT - Continued

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 requires the College to retain it as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $243,093 and $496,169 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity 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 obtain a real rate of return on plan assets so that plan assets both grow in value at a rate that exceeds the rate of inflation over the long-term and that limits yearly volatility to acceptable levels as reviewed and determined by the Investment Committee.

Strategies Employed for Achieving Objectives

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 investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The College's policy for distributing endowment fund earnings is based on the need to support its various programs and maintenance of facilities. Whether any distributions are made from endowment funds is decided annually by the Board of Trustees in conjunction with the College's annual operating budget. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at a rate that exceeds the rate of inflation. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College has a spending policy of 4% per annum, based on an historical three-year moving average of the donor restricted endowment fund market value on June 30. No distributions will be made which result in the market value of the donor restricted endowment to fall below the original corpus. In addition, the Board of Trustees has determined that no funds will be withdrawn from the plant capital portion, board-designated endowment.

NOTE 11 - LINE-OF-CREDIT

The College has a $5,000,000 unsecured working capital line-of-credit, payable on demand with interest due monthly on the outstanding balances at 1.5% above the 90-day LIBOR rate (1.78% and 1.97% at June 30, 2013 and 2012, respectively). There was no outstanding balance on the line-of-credit at both June 30, 2013 and 2012. The line-of-credit expires December 31, 2013.

NOTE 12 - BONDS PAYABLE

Bonds payable are summarized as follows:

	June 30, 2013	June 30, 2012
Civic Facility Revenue Bonds, Series 2004A (a)	$ 12,302,016	$ 12,673,760
Variable Rate Demand Civic Facility Revenue Bonds, Series 2004B(b)	6,840,000	6,855,000
Tax-exempt Civic Facility Revenue Bonds, Series 2008A (c)	7,330,000	7,330,000
Total bonds	26,472,016	26,858,760
Less current portion of bonds payable	606,744	386,744
Bonds payable, long-term portion	$ 25,865,272	$ 26,472,016

(a) **Civic Facility Revenue Bonds, Series 2004A** principal payable annually in various increments through December 2034. Interest on the bonds will be payable on each June 1 and December 1 at rates from 4.000% to 5.625%, depending on the maturity date of the particular bond. The bonds are secured by the following: (a) assignment of the College's rights under the Installment Sale Agreement; (b) the guaranty by the College; (c) Trust revenues; (d) moneys deposited with or paid to the Trustee for the redemption price of a particular bond; (e) a mortgage lien and security interest in the College's leasehold interest in the Student Center and the Classroom Building, subject to the Intercreditor agreement (an agreement between the secured creditors of the 2004A and 2004B issues), and (f) a co-equal first priority security interest in the College's gross revenues. The bonds are subject to optional redemption at any time on or after December 1, 2014, at 100%. The bonds are also subject to sinking fund requirements as follows: $2,260,000 bonds maturing December 1, 2019, from 2015 to 2019; $2,935,000 bonds maturing December 1, 2024, from 2020 to 2024; and $6,090,000 bonds due December 1, 2034, from 2025 to 2034. The bond amount includes an unamortized bond reoffering premium of $252,016 and $263,760 as of June 30, 2013 and 2012, respectively.

(b) **Variable Rate Demand Civic Facility Revenue Bonds, Series 2004B** will mature on December 1, 2034. The College has the right to a fixed rate at any interest payment date. Interest is due monthly. The variable interest rate (.07% and .15% as of June 30, 2013 and 2012, respectively) shall be adjusted weekly based on the lowest rate of interest that would permit the bonds to be sold at par. The bonds are secured by the following: (a) assignment of the College's rights under the Installment Sale Agreement; (b) the guaranty by the College; (c) Trust revenues; (d) a letter of credit and the confirming letter of credit, and (e) a co-equity first priority security interest in the College's gross revenues. The letter of credit agreements are secured by mortgages on the College's Dormitory and South Hall properties. Under the credit and reimbursement agreement, the College must make payments of principal to the institution issuing the letter of credit and is required to make mandatory optional redemptions of principal, in accordance with this agreement.

(c) **Tax Exempt Civic Facility Revenue Bonds, Series 2008A** will mature on July 1, 2038. The College has the right to a fixed rate at any interest payment date. Interest is due monthly. The variable interest rate (.07% and .15% as of June 30, 2013 and 2012, respectively) shall be adjusted weekly based on the lowest rate of interest that would permit the bonds to be sold at par. The bonds are secured by the following: trust revenues, letter of credit, first mortgage lien on and interest in mortgaged property, and assignment of the College's rights under the Installment sale agreement. Under the Credit and Reimbursement Agreement, the College must make payments of principal to the institution issuing the letter of credit and is required to make optional redemptions of principal, in accordance with this agreement.

NOTE 12 - BONDS PAYABLE - Continued

The College entered into two interest rate swap contracts that effectively convert the interest rate on the notional amount of $4,000,000 of the variable rate 2004B bonds and $7,330,000 of the tax-exempt 2008A bonds to 4.18% and 3.04%, respectively. The swaps are designed to hedge the risk of the changes in the interest payments on the bonds caused by the variable rates. The swaps were issued at market terms so that they had no fair value at inception. The swap on the 2008A bonds expired during January 2013. The swap(s) have been recorded at fair value. The change in fair value resulted in a gain of $319,554 and $217,993 during the years ended June 30, 2013 and 2012, respectively.

Swap Agreement

The swap liability is classified as non-current as management does not intend to settle it during the year ended June 30, 2014. There is a $540,000 certificate of deposit pledged as security for the swap on the $4,000,000 notional amount of the 2004B bonds.

In connection with the bond obligations, the College has unused letters of credit totaling $14,357,335.

Interest expense related to bonds payable was $663,993 and $853,643 for the years ended June 30, 2013 and 2012, respectively.

The 2004 and 2008 bonds contain certain financial covenants.

A summary of the College's future maturities of bonds payable is as follows:

	Amount
For the year ending June 30, 2014	$ 606,744
2015	801,744
2016	831,744
2017	876,744
2018	916,744
Thereafter	22,438,296
	$ 26,472,016

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are summarized as follows:

	June 30,	
	2013	2012
Scholarships and prizes	$ 836,655	$ 479,485
ACP Academy program	775,453	839,533
Other programs	320,077	245,799
Capital projects	100,000	88,204
	$ 2,032,185	$ 1,653,021

NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are summarized as follows:

	June 30, 2013	June 30, 2012
Scholarships and prizes	$ 4,655,639	$ 4,460,434
Summer enrichment program	921,568	921,568
Research	1,011,943	1,011,943
Chair	1,000,000	1,000,000
Museum	53,222	53,222
O'Brien Loan Fund	34,840	34,557
	$ 7,677,212	$ 7,481,724

NOTE 15 - STUDENT TUITION AND FEES, NET

Student tuition and fees, net, are summarized as follows:

	Years Ended June 30, 2013	Years Ended June 30, 2012
Student tuition and fees	$ 46,802,001	$ 44,668,377
Less institutional financial aid	7,310,664	5,980,298
Total	$ 39,491,337	$ 38,688,079

NOTE 16 - RETIREMENT PLANS

Academic and certain other salaried employees of the College are participants in Retirement Annuity Plans sponsored by the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which is a defined contribution plan. The College's policy is to fund retirement costs as accrued. The contribution rate is based on a percentage of a participant's compensation. Total contributions by the College amounted to $1,964,108 and $1,798,751 for the years ended June 30, 2013 and 2012, respectively.

NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS PLAN

The College has a defined benefit postretirement health care benefits plan (Plan) covering substantially all employees. The Plan is unfunded, however, the College makes contributions to the Plan each year for medical premiums due under the Plan.

The College recognizes the overfunded or underfunded status. The Plan as an asset or liability in its statement of financial position and to recognize changes in that funded status or changes in unrestricted net assets in the year in which the changes occur, and measures the funded status of a plan as of the date of its year-end statement of financial position.

NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS PLAN - Continued

Obligations and Funded Status

The benefit obligations related to the Plan are actuarially determined by Milliman Consultants and Actuaries (Milliman), the Plan's consulting actuary.

	Years Ended June 30,	
	2013	2012
Projected benefit obligation	$ (1,641,070)	$ (1,616,157)

	June 30,	
	2013	2012
Benefit cost	$ 156,067	$ 109,303
Employer contributions	$ 22,983	$ 23,890
Benefits paid	$ 22,983	$ 23,890

Assumptions

The following are weighted-average assumptions used to determine benefit obligations:

	June 30,	
	2013	2012
Discount rate	4.73%	4.16%

Cash Flows

The effect of a one percentage point increase in the assumed health care cost trend rates for each future year on the accumulated postretirement obligation for health care benefits and the aggregate of the service and interest cost components on the net periodic postretirement health care benefit cost are as follows:

	Accumulated Postretirement Benefit Obligation	Service Cost plus Interest Cost
At trend	$ 1,641,070	$ 1,616,157
At trend + 1%	1,641,070	1,616,323
Dollar impact	-	166
Percentage impact	0.00%	0.01%
At trend - 1%	1,641,070	1,615,991
Dollar impact	-	(166)
Percentage impact	0.00%	-0.01%

NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS PLAN - Continued

The following benefit payments, which reflect future service as appropriate, are expected to be paid:

	Amount
For the year ending June 30, 2014	$ 32,332
2015	35,642
2016	40,397
2017	46,725
2018	56,754
Expected benefit payments 2019 through 2023	476,860

NOTE 18 - COMMITMENT AND CONTINGENCIES

a. Operating Leases

The College has various operating leases for the use of facilities. The agreements require monthly payments ranging from $21,959 to $87,247 per month and expire at various times from August 2015 to June 2024. One of the lease agreements contains scheduled rent escalation clauses in its future minimum lease payments as well as a rent holiday. Rent expense is recognized on a straight-line basis over the applicable lease term, and the pro rata portion of rent escalations is included in accounts payable. This lease also requires the College to pay insurance, common area maintenance, and other costs, collectively referred to as operating costs. These costs are recognized as incurred and included in rent expense. The lease was also amended to require a deposit of $150,000 for the right of first offer on a parcel of land, adjacent to the rented facility. The College recorded the deposit in other long-term assets and will amortize the deposit over the term of the option. Amortization was $46,667 for both years ended June 30, 2013 and 2012. The deposit was fully amortized as of June 30, 2013.

Rent expense on these operating leases was $1,414,001 and $1,476,998 for the years ended June 30, 2013 and 2012, respectively.

In addition to the above, the College entered into two sublease agreements, for the facility leased by the College in Vermont. Each of the leases requires the payment of base rent plus additional rent for insurance, common area maintenance, and other costs. The subleases expire(d) September 2011 and April 2017.

Rental income on these leases, including additional rent, was $224,676 and $257,343 for the years ended June 30, 2013 and 2012, respectively.

A summary of future minimum lease payments, including rent escalation, less sublease rental income for the next five year, are as follows. Future minimum payments listed below do not include operating costs for which the College is obligated.

	Operating Leases	Sublease Rental Income	Net
For the year ending June 30, 2014	$ 1,122,384	$ 184,679	$ 937,705
2015	1,139,561	152,836	986,725
2016	937,490	120,993	816,497
2017	911,442	102,960	808,482
2018	929,671	-	929,671

NOTE 18 - COMMITMENT AND CONTINGENCIES - Continued

b. Rental Income

The College has a thirty-nine year lease agreement with CHF-Holland Suites, LLC to lease a portion of a College-owned facility to construct and furnish a 177-bed student housing facility and the rights to 177 parking spots. The entire lease of $4.3 million was paid in advance.

The College has a forty-year lease agreement with CHF-Holland Suites II, LLC to lease an additional portion of a College-owned facility to construct and furnish a 122-bed student housing facility. The entire lease of $1 million was paid in advance.

Both of the leases terminate when the thirty-year CHF bonds, issued for the purpose of constructing and furnishing the facilities, are paid in full. Therefore, the advance rent is being recognized as income using the straight-line method over the life of the bonds. Rental income under the leases was $176,667 for both years ended June 30, 2013 and 2012.

Rental income to be recognized over each of the next five years is $176,667.

c. Concentration of Credit Risk

The College maintains cash balances in a financial institution located in the northeast. Accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At times, the College has bank deposits in excess of amounts insured by the FDIC.

d. Contract and Grant Administration

Federally funded financial aid programs and research and development grants are subject to special audit. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

e. The Bookstore LLC

The College contracted with independent corporations to manage the bookstore and the cafeteria during the years ended June 30, 2013 and 2012. During the years ended June 30, 2013 and 2012, the College reported the revenues and expenses of these operations in the statement of activities.

The College formed a Limited Liability Company "The Bookstore LLC" with two other educational institutions to serve as a common bookstore for all three institutions. The College had a 39.2% and 39.0% membership interest in the LLC at June 30, 2013 and 2012, respectively. The location of the bookstore is in the College's student center.

The LLC entered into a lease with the College for the bookstore space in May 2006. The lease is through 2045. The rent is the sum of the bookstore's pro rata share of ground rent under the terms of the ground lease the College had with UHA. As an inducement to construct the bookstore space, Sage Colleges and Albany Law School entered into an agreement with the College, whereas each of the educational institutions paid the College a non-refundable payment of $249,999, or a total of $499,998.

f. Federal Government Student Loan Program

Funds provided under the federal government student loan program are loaned to qualified students and may be re-loaned after collection. If the College were to terminate the program, these funds would be returnable to government.

NOTE 18 - COMMITMENT AND CONTINGENCIES - Continued

g *Food Service Contract*

The College has a contract with Chartwells to provide food services. Under the terms of the contract, Chartwells funded $1,339,077 of capital improvements to the College's dining service program. The College holds title to the improvements. Chartwells will amortize this investment over 116 months. In the unlikely event that the food service contract is terminated prior to May 31, 2020, the College will be liable for liquidated damages to Chartwells, calculated based on the number of months remaining on the contract from October 2010 through May 2020. During both years ended June 30, 2013 and 2012, the College reflected $138,525, as revenue on this agreement. The balance that has been deferred as of June 30, 2013, is $958,133.

h. *Litigation*

The College is a defendant in legal proceedings; however, management and counsel believe these suits are without merit. In the event of an unfavorable outcome, insurance coverage is adequate to prevent a material effect on the statement of financial position.

NOTE 19 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The College determines the fair value of financial instruments based on the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 Unobservable inputs that are supported by little or no market activity.

Fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of valuation methodologies used for assets and liabilities measured at fair value at June 30, 2013 and 2012:

Certificates of Deposit: The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Corporate Bonds: Valued at yields currently available on comparable securities of issuers with similar credit ratings. The bonds are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Government Obligations: Valued at yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Treasury Obligations: Valued at the closing price reported in active market in which the individual security is traded.

Equities: Valued at the closing price reported in the active market in which the individual security is traded.

NOTE 19 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the College are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the College are deemed to be actively traded.

Obligations Under Interest Rate Swap: The fair value of the swap agreement is estimated by discounting the expected future cash flows using relevant mid-market data inputs and based on assumptions of no unusual market conditions or forced liquidation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

A summary of assets and liabilities measured at fair value on a recurring basis are summarized below:

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 1,040,188	$ -	$ 1,040,188
Corporate bonds	-	1,189,999	-	1,189,999
Government obligations	-	212,277	-	212,277
Equities				
Large cap	2,710,971	-	-	2,710,971
Mid cap	-	-	-	-
Small cap	-	-	-	-
International	151,682	-	-	151,682
Mutual funds			-	
Bond	9,072,522	-	-	9,072,522
Large cap	7,074,344	-	-	7,074,344
Mid cap	1,566,536	-	-	1,566,536
Small cap	1,181,601	-	-	1,181,601
International	1,371,947	-	-	1,371,947
Other	427,558	-	-	427,558
	$ 23,557,161	$ 2,442,464	$ -	$ 25,999,625
Liabilities				
Obligations under interest rate swap	$ -	$ 243,227	$ -	$ 243,227

NOTE 19 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 1,218,191	$ -	$ 1,218,191
Corporate bonds	-	2,518,771	-	2,518,771
Government obligations	-	91,562	-	91,562
U.S. Treasury obligations	957,476	-	-	957,476
Equities				
Large cap	4,758,348	-	-	4,758,348
Mid cap	567,499	-	-	567,499
Small cap	396,864	-	-	396,864
International	556,952	-	-	556,952
Mutual funds				
Bond	5,243,584	-	-	5,243,584
Large cap	4,410,303	-	-	4,410,303
Mid cap	608,958	-	-	608,958
Small cap	384,401	-	-	384,401
International	557,691	-	-	557,691
Other	257,675	-	-	257,675
	$ 18,699,751	$ 3,828,524	$ -	$ 22,528,275
Liabilities				
Obligations under interest rate swap	$ -	$ 562,781	$ -	$ 562,781

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

SUPPLEMENTARY INFORMATION - FUNCTIONAL EXPENSES

	Year Ended June 30, 2013										
	Administrative and General	Fundraising	Plant, Operations, and Maintenance	Admissions and Student Services	Security University Heights	Office of Post-Graduate Education	Library and Instruction	Research	Student Financial Aid	Auxiliary Services	Total
Compensation	$ 4,969,824	$ 671,630	$ 647,399	$ 2,110,273	$ -	$ 163,283	$ 10,408,964	$ 1,421,605	$ 296,452	$ -	$ 20,689,430
Fringe benefits	1,443,111	196,232	189,152	616,563	-	47,707	3,041,212	415,353	-	-	5,949,330
Amortization	-	-	81,383	-	-	-	-	-	-	-	81,383
Bad debt	21,645	-	-	-	-	-	-	-	-	-	21,645
Bank fees	75,968	182	140,203	-	-	-	-	-	-	-	216,353
Books, audio video, material, and cataloging	-	-	-	-	-	-	379,220	-	-	-	379,220
Consultants	50,932	-	-	-	-	-	10,200	53,518	-	-	114,650
Cost of operations	-	-	-	-	-	-	-	-	-	2,157,615	2,157,615
Depreciation	-	-	5,453,595	-	-	-	-	-	-	-	5,453,595
Events	137,454	163,246	-	116,451	-	67,226	-	-	-	-	484,377
Honoraria	-	-	-	-	-	52,931	2,311	4,500	-	-	59,742
Insurance	192,293	-	20,140	-	-	-	-	15,235	-	116,325	343,993
Interest	-	-	663,993	-	-	-	-	-	-	-	663,993
Lease	-	-	-	-	-	-	1,152,399	261,602	-	-	1,414,001
Membership dues	75,566	9,198	-	47,328	-	-	1,861	6,176	-	-	140,129
Non-capitalized equipment	127,477	-	18,971	10,096	-	-	36,348	15,803	-	5,534	214,229
Photocopy	167,467	793	-	-	-	-	-	-	-	-	168,260
Postage	81,929	3,248	-	-	-	4,900	-	-	-	-	90,077
Printing and publications	105,405	16,856	-	132,498	-	6,711	-	1,609	-	-	263,079
Professional development	-	2,022	-	-	-	-	-	7,525	-	-	9,547
Professional fees	148,888	-	-	-	-	-	51,863	-	-	-	200,751
Repairs and maintenance	68,896	-	899,622	-	-	-	17,297	152,068	-	180,549	1,318,432
Security contracts	-	-	67,619	-	789,194	-	-	-	-	-	856,813
Student dorm cable, internet, and phone	-	-	-	-	-	-	-	-	-	17,273	17,273
Student financial aid	-	-	-	-	-	-	-	-	493,984	-	493,984
Student recruitment	-	-	-	251,182	-	-	-	-	-	-	251,182
Supplies	130,808	51,268	63,881	261,252	-	7,635	398,828	422,628	-	33,951	1,370,251
Phone	39,962	-	6,579	2,056	-	-	60	-	-	-	48,657
Travel	53,098	68,236	4,708	55,903	-	2,287	181,301	47,276	-	-	412,809
Utilities	-	-	736,826	-	-	-	-	131,235	-	173,612	1,041,673
Other	913,294	2,301	10,180	44,001	113,170	-	540,389	104,588	-	11,635	1,739,558
Total	8,804,017	1,185,212	9,004,251	3,647,603	902,364	352,680	16,222,253	3,060,721	790,436	2,696,494	46,666,031
Reallocation of Plant	2,327,269	313,301	(9,004,251)	964,214	-	93,228	4,288,218	809,076	208,945	-	-
	$ 11,131,286	$ 1,498,513	$ -	$ 4,611,817	$ 902,364	$ 445,908	$ 20,510,471	$ 3,869,797	$ 999,381	$ 2,696,494	$ 46,666,031

	Year Ended June 30, 2012										
	Administrative and General	Fundraising	Plant, Operations, and Maintenance	Admissions and Student Services	Security University Heights	Office of Post-Graduate Education	Library and Instruction	Research	Student Financial Aid	Auxiliary Services	Total
Compensation	$ 4,374,249	$ 670,346	$ 612,494	$ 1,700,025	$ -	$ 154,509	$ 10,318,905	$ 1,384,151	$ 351,509	$ -	$ 19,566,188
Fringe benefits	1,201,979	184,201	168,305	467,142	-	42,457	2,835,483	380,345	-	-	5,279,912
Amortization	-	-	81,383	-	-	-	-	-	-	-	81,383
Bad debt	35,550	-	-	-	-	-	-	27,201	-	-	62,751
Bank fees	59,133	255	146,563	-	-	-	-	-	-	-	205,951
Books, audio video, material, and cataloging	-	-	-	-	-	-	340,134	-	-	-	340,134
Consultants	56,559	500	-	-	-	-	10,100	233,804	-	-	300,963
Cost of operations	-	-	-	-	-	-	-	-	-	1,986,768	1,986,768
Depreciation	-	-	5,042,557	-	-	-	-	-	-	-	5,042,557
Events	-	156,944	-	174,660	-	40,633	-	-	-	-	372,237
Honoraria	150	-	-	-	-	56,097	2,454	21,300	-	-	80,001
Insurance	167,210	-	18,941	-	-	-	-	14,328	-	109,400	309,879
Interest	-	-	853,643	-	-	-	-	-	-	-	853,643
Lease	-	-	-	-	-	-	1,223,782	253,216	-	-	1,476,998
Membership dues	74,721	7,462	-	38,955	-	-	12,456	6,304	-	-	139,898
Non-capitalized equipment	128,549	-	8,039	207	-	-	58,669	19,968	-	3,732	219,164
Photocopy	182,808	2,817	-	-	-	-	-	-	-	-	185,625
Postage	86,542	150	-	-	-	7,530	-	693	-	-	94,915
Printing and publications	29,675	30,596	-	129,397	-	7,285	2,204	5,196	-	-	204,353
Professional development	-	6,018	-	-	-	-	54,934	34,784	-	-	95,736
Professional fees	185,838	-	-	-	-	-	-	-	-	-	185,838
Repairs and maintenance	96,425	-	764,981	-	-	-	15,014	160,055	-	234,081	1,270,556
Security contracts	-	-	59,483	-	881,827	-	-	-	-	-	941,310
Student dorm cable, internet, and phone	-	-	-	-	-	-	-	-	-	91,216	91,216
Student financial aid	-	-	-	-	-	-	-	-	362,443	-	362,443
Student recruitment	-	-	-	218,365	-	-	-	-	-	-	218,365
Supplies	176,707	43,884	69,631	227,453	-	6,530	379,558	364,546	-	41,508	1,309,817
Phone	35,706	-	6,514	1,451	-	-	176	-	-	-	43,847
Travel	60,365	83,496	5,374	51,095	-	1,917	172,338	28,998	-	-	403,583
Utilities	-	-	686,201	-	-	-	-	126,962	-	159,914	973,077
Other	1,032,505	2,757	1,161	33,885	14,233	1,160	428,203	123,512	-	8,799	1,646,215
Total	7,984,671	1,189,426	8,525,270	3,042,635	896,060	318,118	15,854,410	3,185,363	713,952	2,635,418	44,345,323
Reallocation of Plant	2,108,222	314,048	(8,525,270)	803,358	-	83,994	4,186,098	841,043	188,507	-	-
	$ 10,092,893	$ 1,503,474	$ -	$ 3,845,993	$ 896,060	$ 402,112	$ 20,040,508	$ 4,026,406	$ 902,459	$ 2,635,418	$ 44,345,323

See Independent Auditor's Report.

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

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APPENDIX C

DEFINITION OF CERTAIN TERMS

The following words and terms shall have the respective meanings set forth below unless the context or use indicates another or different meaning or intent:

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants selected by the Institution.

"Additional Bonds" means any bonds issued by the Issuer pursuant to Section 214 of the Indenture.

"Annual Debt Service" means the actual sum of the principal and sinking fund installments of, and interest on, all outstanding Long-Term Indebtedness payable during a fiscal year, provided that with respect to any Long-Term Indebtedness subject to an interest rate exchange agreement, the debt service shall include the net payments made to or received from the counterparty.

"Applicable Laws" means all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Initial Project Facility or any part thereof or the conduct of work on the Initial Project Facility or any part thereof or to the operation, use, manner of use or condition of the Initial Project Facility or any part thereof (the applicability of such statutes, codes, laws, acts, ordinances, orders, rules, regulations, directions and requirements to be determined both as if the Issuer were the owner of the Initial Project Facility and as if the Institution and not the Issuer were the owner of the Initial Project Facility), including but not limited to (1) applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Initial Project Facility, (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing, and (3) judgments, decrees or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority.

"Arbitrage Certificate" means (A) with respect to the Initial Bonds, the Initial Arbitrage Certificate and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Issuer in connection with the issuance and sale of such Series of Additional Bonds.

"Authorized Denominations" means: (A) with respect to the Initial Bonds, $5,000 and any integral multiple of $5,000 in excess thereof, except that, if as a result of a redemption, partially redeemed Initial Bonds cannot be issued in such denominations, such partially redeemed Initial Bonds shall be reissued in such other denominations to the extent required to effect such redemption; and (B) with respect to any Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds as set forth in the supplemental indenture relating thereto.

"Authorized Investments" means any of the following: (A) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; (B) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (1) Farmers Home Administration ("FmHA"), (2) Federal Financing Bank, (3) Federal Housing Administration Debentures ("FHA"), (4) Government National Mortgage Association ("GNMA" or "Ginnie Mae"), and (5) U.S. Department of Housing and Urban Development ("HUD"); (C) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (1) Federal Home Loan Bank System, (2) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), (3) Federal National Mortgage Association ("FNMA" or "Fannie Mae"), (4) Student Loan Marketing Association ("SLMA" or "Sallie Mae"), (5) Resolution Funding Corp. ("REFCORP") obligations, and (6) Farm Credit System; (D) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of "AAAm-G", "AAA-m"; or "AA-m" and if rated by Moody's rated "Aaa", "Aa1" or "Aa2"; (E) certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral; (F) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF; (G) investment agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Trustee; (H) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's; (I) bonds or notes issued by any state or municipality which are rated by Moody's and Standard & Poor's in one of the two highest rating categories assigned by such agencies; (J) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's; and (K) repurchase agreements for 30 days or less must follow the following criteria. The criteria is described as follows: (1) Repos must be between the municipal entity and a dealer bank or securities firm (a) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or (b) banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services; (2) the written repo contract must include the following: (a) securities which are acceptable for transfer are: (i) direct U.S. governments, or (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC), (b) the term of the repo may be up to 30 days, (c) the collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities), (d) valuation of collateral - the securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%, and (3) legal opinion which must be delivered to the municipal entity: (a) repo meets guidelines under state law for legal investment of public funds. Notwithstanding the foregoing, Authorized Investments shall be limited to those instruments readily obtainable and routinely offered by the Trustee.

"Authorized Representative" means the Person or Persons at the time designated to act on behalf of the Issuer or the Institution, as the case may be, by written certificate furnished to the Trustee containing the specimen signature of each such Person and signed on behalf of (A) the Issuer by its Chairman or Vice-Chairman, or such other person as may be authorized by resolution of the Issuer to act on behalf of the Issuer, (B) the Institution by its Chief Executive Officer or Chief Financial Officer, or such other person as may be authorized by the board of trustees of the Institution to act on behalf of the Institution and (C) the Trustee by any Vice President, Assistant Vice President or Trust Officer, or such other person as may be authorized by the board of directors of the Trustee to act on behalf of the Trustee.

"Available Moneys" means any moneys on deposit with the Trustee for the benefit of the Bondholders which are (A) proceeds of the Bonds, or of any bonds issued for the purpose of refunding the Bonds, (B) amounts on deposit for a period of 124 consecutive days during which no petition in bankruptcy under the Bankruptcy Code has been filed against the entity which paid such money, and no similar proceedings have been instituted under state insolvency or other laws affecting creditors' rights generally, or (C) any moneys with respect to which an unqualified opinion from nationally recognized counsel has been received stating that such payments to Bondholders would not constitute voidable preferences under Section 547 of the Bankruptcy Code, or similar state or federal laws with voidable preferences in the event of the filing of a petition for relief under the Bankruptcy Code, or similar state or federal laws with voidable preference provisions by or against the entity from which the money is received.

"Balloon Long-Term Indebtedness" means any Long-Term Indebtedness as to which twenty-five percent (25%) or more of principal payments is due in a single fiscal year of the Institution.

"Bankruptcy Code" means the United States Bankruptcy Code, constituting Title 11 of the United States Code, as amended from time to time, and any successor statute.

"Beneficial Owner" means, with respect to a Bond, a Person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the beneficial right to receive payments and notices with respect to the Bonds which are held by the Depository under a Book Entry System.

"Bond" or "Bonds" means, collectively, (A) the Initial Bonds and (B) any Additional Bonds.

"Bond Counsel" means the law firm of Hodgson Russ LLP, Albany, New York or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Issuer.

"Bond Fund" means the fund so designated established pursuant to Section 401(A)(2) of the Indenture.

"Bondholder" or "Holder" or "Owner of the Bonds" means the registered owner of any Bond, as indicated on the bond register maintained by the Bond Registrar, except that wherever appropriate the term "Owners" shall mean the owners of the Bonds for federal income tax purposes.

"Bond Payment Date" means each Interest Payment Date and each date on which principal or interest or premium, if any, or a Sinking Fund Payment, shall be payable on the Bonds according to their terms and the terms of the Indenture, including without limitation scheduled mandatory Redemption Dates, unscheduled mandatory Redemption Dates, dates of acceleration of the Bonds pursuant to Section 602 of the Indenture, optional Redemption Dates and Stated Maturity, so long as any Bonds shall be Outstanding.

"Bond Proceeds" means (A) with respect to the Initial Bonds, the proceeds of the sale of the Initial Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the Underwriter as the purchase price of the Initial Bonds, and (B) with respect to any Series of Additional Bonds, the proceeds of the sale of such Series of Additional Bonds, including any accrued interest, paid to the Trustee on behalf of the Issuer by the purchasers of such Series of Additional Bonds as the purchase price of such Series of Additional Bonds.

"Bond Purchase Agreement" means (A) with respect to the Initial Bonds, the Initial Bond Purchase Agreement, and (B) with respect to any Series of Additional Bonds, any similar document executed by the Issuer and/or the Institution in connection with the issuance and sale of such Series of Additional Bonds.

"Bond Register" means the register maintained by the Bond Registrar in which, subject to such reasonable regulations as the Issuer, the Trustee or the Bond Registrar may prescribe, shall provide for the registration of the Bonds and for the registration of transfers of the Bonds.

"Bond Registrar" means the Trustee, acting in its capacity as bond registrar under the Indenture, and its successors and assigns as bond registrar under the Indenture.

"Bond Resolution" means (A) with respect to the Initial Bonds, the Initial Bond Resolution and (B) with respect to any Series of Additional Bonds, any resolution adopted by the members of the board of directors of the Issuer authorizing the issuance of such Series of Additional Bonds.

"Bond Year" (A) with respect to the Initial Bonds, means each one (1) year period ending on the anniversary of the Closing Date relating to the Initial Bonds, or such other bond year as the Institution and the Issuer may select from time to time in a manner complying with the Code, and (B) with respect to any Series of Additional Bonds issued as Tax-Exempt Bonds, shall have the meaning set forth in the supplemental indenture related to such Series of Additional Bonds.

"Book Entry Bonds" means Bonds held in Book Entry Form with respect to which the provisions of Section 213 of the Indenture shall apply.

"Book Entry Form" or "Book Entry System" means, with respect to the Bonds, a form or system, as applicable, under which (A) the Beneficial Ownership Interests may be transferred only through a book entry and (B) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Bond certificates "immobilized" in the custody of the Depository or a custodian on behalf of the Depository. The Book Entry System which is maintained by and the responsibility of the Depository (and which is not maintained by or the responsibility of the Issuer or the Trustee) is the record that identifies, and records the transfer of the interests of, the Owners of book entry interests in the Bonds.

"Business Day" means any day of the year other than (A) a Saturday or Sunday, (B) a day on which the New York Stock Exchange is closed or (C) a day on which commercial banks in New York, New York, or the city or cities in which the Office of the Trustee is located, are authorized or required by law, regulation or executive order to close.

"Certificate of Authentication" means the certificate of authentication in substantially the form attached to the form of the Initial Bonds attached as Schedule I to the Indenture.

“Closing Date” means (A) with respect to the Initial Bonds, the date on which authenticated Initial Bonds are delivered to or upon the order of the Underwriter and payment is received therefor by the Trustee on behalf of the Issuer, and (B) with respect to any Series of Additional Bonds, the date on which such Additional Bonds of such Series are authenticated and delivered to the purchaser thereof and payment therefor is received by the Trustee on behalf of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of said Code, and the applicable regulations (whether proposed, temporary or final) of the United States Treasury Department promulgated under said Code and the statutory predecessor of said Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

“Completion Date” means (A) with respect to the Initial Project, the date of substantial completion of the undertaking of the Initial Project, and (B) with respect to any Additional Project, the date of substantial completion of the undertaking of such Additional Project, as evidenced in the manner provided in Section 3.4 of the Loan Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“Continuing Disclosure Agreement” means (A) with respect to the Initial Bonds, the Initial Continuing Disclosure Agreement and (B) with respect to any Series of Additional Bonds, any similar document executed by the Institution in connection with the issuance of such Series of Additional Bonds.

“Cost of Issuance Account” means that certain account created under Section 401(A)(1) of the Indenture.

“Cost of the Project” means (A) with respect to the Initial Project, all those costs and items of expense relating thereto enumerated in Section 3.3(A) of the Loan Agreement incurred subsequent to the Inducement Date, including costs which the Institution incurred prior to the Inducement Date with respect to the Initial Project in anticipation of the issuance of the Initial Bonds and for which the Institution may be reimbursed from proceeds of the Initial Bonds pursuant to the provisions of the Initial Tax Regulatory Agreement, and (B) with respect to any Additional Project, all those costs and items of expense relating thereto enumerated in Section 3.3 of the Loan Agreement, including costs which the Institution incurred with respect to such Additional Project in anticipation of the issuance of the related Series of Additional Bonds and for which the Institution will be reimbursed from proceeds of the related Series of Additional Bonds.

"Debt Service Coverage Ratio" means the ratio of Operating Revenues Available for Debt Service equal to 1.0x Annual Debt Service.

“Debt Service Payment” means, with respect to any Bond Payment Date, (A) the interest payable on the Bonds on such Bond Payment Date, plus (B) the principal, if any, payable on the Bonds on such Bond Payment Date, plus (C) the premium, if any, payable on the Bonds on such Bond Payment Date, plus (D) the Sinking Fund Payments, if any, payable on the Bonds on such Bond Payment Date.

“Default Interest Rate” means a rate per annum equal to three percent (300 basis points) in excess of the interest rate otherwise applicable to the Bonds, but shall not at any time exceed the highest rate permitted by law.

"Defaulted Payment" shall have the meaning ascribed to such term in Section 207(C) of the Indenture.

"Defeasance Cash Deposit" means an amount equal to the cash deposit needed to be made by the Institution with the Prior Trustee so that the sum of the Prior Reserve Funds, if any, and the Defeasance Cash Deposit shall equal the Defeasance Escrow Deposit.

"Defeasance Deposits" means, collectively, the Defeasance Cash Deposit and the Defeasance Escrow Deposit.

"Defeasance Escrow Agreement" shall have the meaning assigned to such term in the fourteenth recital clause to the Indenture.

"Defeasance Escrow Deposit" means an amount of Defeasance Obligations acquired with a combination of proceeds of the Prior Reserve Funds, if any, and the Defeasance Cash Deposit in an amount equal to the amount of Defeasance Obligations needed to be on deposit with the Prior Trustee sufficient to enable the Prior Trustee to redeem the Prior Bonds in full (i.e., an amount sufficient, without the need for future investment or reinvestment, but including any scheduled interest on or increment to such obligations, to pay when due the principal, premium, if any, and interest due and to become due on the Prior Bonds on and prior to dates that the Prior Bonds shall be redeemed.

"Defeasance Obligations" means (A) cash, or (B) direct obligations of the United States of America or of any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, including, but not limited to, United States Treasury obligations.

"Depository" means, initially, The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other securities depository designated in any supplemental resolution of the Issuer to serve as securities depository for the Bonds that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Book Entry Bonds.

"Depository Letter" means (A) with respect to the Initial Bonds, the Initial Depository Letter, and (B) with respect to any Series of Additional Bonds issued as Book Entry Bonds, any letter of representations by and among the Issuer, the Trustee and the Depository relating to such Series of Additional Bonds, and any amendments or supplements thereto entered into with respect thereto.

"Direct Participant" means a Participant as defined in the Depository Letter.

"Equipment" means all materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of the Initial Bonds, or acquired with any payment which the Institution incurred in anticipation of the issuance of the Initial Bonds and for which the Institution will be reimbursed from the proceeds of the Initial Bonds, and such substitutions and replacements therefor and additions thereto as may be made from time to time pursuant to the Loan Agreement.

"Enabling Act" means Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended.

"Event of Default" means (A) with respect to the Indenture, any of those events defined as an Event of Default by the terms of Article VI of the Indenture, (B) with respect to the Loan Agreement, any of those events defined as an Event of Default by the terms of Article X of the Loan Agreement, and (C) with respect to any other Financing Document, any of those events defined as an Event of Default by the terms thereof.

"Event of Taxability" means, with respect to any Series of Tax-Exempt Bonds, (A) the enactment of a statute or promulgation of a regulation eliminating, in whole or in part, the applicable exemption, as such exists on the Closing Date, from gross income for federal income tax purposes for interest payable under such Series of Tax-Exempt Bonds, (B) a "final determination by decision or ruling by a duly constituted administrative authority" to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, (C) the expiration of the right to further administrative review of any determination, decision or ruling to the effect that such exemption for interest payable under such Series of Tax-Exempt Bonds is not available, is no longer available or is contrary to law, or (D) receipt by the Trustee of a written opinion of Bond Counsel that there is no longer a basis for the Holders of such Series of Tax-Exempt Bonds (or any former Holder, other than a Holder who is or was a Substantial User of the Initial Project Facility or a Related Person thereto) to claim that any interest paid and payable on such Series of Tax-Exempt Bonds is not excluded from gross income for federal income tax purposes. For the purposes of clause (B) above, a "final determination by decision or ruling by a duly constituted administrative authority" shall mean (1) the issuance of a ruling (including, but not limited to, a revenue ruling or a letter ruling) by the IRS or any successor thereto, or (2) the issuance of a preliminary notice of proposed deficiency ("30-Day Letter"), a statutory notice of deficiency ("90-Day Letter"), or other written order or directive of similar force and effect by the IRS, or any other United States Governmental Authority having jurisdiction therein. Notwithstanding the foregoing, nothing in this definition of "Event of Taxability" shall be construed (x) to mean or include consideration of the interest payable on a Series of the Tax-Exempt Bonds for purposes of calculating the interest expense which may be deducted by a bank or other Financial Institution, or (y) to mean that the any Holder of such Series of the Tax-Exempt Bonds shall have any obligation to contest or appeal any assertion or decision that any interest payable under such Series of the Tax-Exempt Bonds is subject to taxation, or (z) to mean or include the imposition of an alternative minimum tax or preference tax or environmental tax or branch profits tax on any Holder of a Series of the Tax-Exempt Bonds, in the calculation of which is included the interest paid or payable under the Tax-Exempt Bonds.

"Extraordinary Services" and "Extraordinary Expenses" means all reasonable services rendered and all reasonable expenses incurred by the Trustee or any paying agent under the Indenture, other than Ordinary Services and Ordinary Expenses, including, but not limited to, reasonable attorneys fees and any services rendered and any expenses incurred with respect to an Event of Default or with respect to the occurrence of an event which upon the giving of notice or the passage of time would ripen into an Event of Default under any of the Financing Documents.

"Final Maturity" means, with respect to any particular Bond, the final Stated Maturity of the principal due on such Bond, unless such Bond is called for redemption in whole prior to such date, in which case any such term shall mean the Redemption Date relating to such Bond.

"Financing Documents" means (A) with respect to the Initial Bonds, the Initial Financing Documents and (B) with respect to any Series of Additional Bonds, any similar documents executed by the Institution and/or the Issuer in connection with the issuance of such Series of Additional Bonds.

"Financing Statements" means any and all financing statements (including continuation statements) or other instruments filed or recorded from time to time to perfect the security interests created in the Financing Documents.

"Fund" means any Fund designated and created pursuant to Section 401 of the Indenture.

"Government Obligations" means (A) cash, (B) direct obligations of the United States of America, (C) obligations unconditionally guaranteed by the United States of America and (D) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (B) or (C).

"Governmental Authority" means the United States of America, the State, any political subdivision thereof, any other state and any agency, department, commission, board, bureau or instrumentality of any of them.

"Gross Bond Proceeds" means "gross proceeds" as defined in Section 148(f)(6)(B) of the Code, presently including, without limitation, the original proceeds of the Bonds, investment proceeds, amounts held in a sinking fund, amounts invested in a reasonably required reserve or replacement fund, certain investment-type property pledged as security for the Bonds by the Institution or by the Issuer, amounts received with respect to the Loan Agreement, any amounts used to pay Debt Service Payments on the Bonds, and any amounts received as a result of investing any of the foregoing.

"Gross Proceeds" means one hundred percent (100%) of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance claim or Condemnation award.

"Holder" or "holder", when used with respect to a Bond, means Bondholder.

"Immediate Notice" means notice transmitted through a time-sharing terminal, if operative as between any two parties, or if not operative, same-day notice by telephone, telecopy or telex, followed by prompt written confirmation sent by overnight delivery.

"Indebtedness" means, (1) with respect to the Bonds, (A) the payment of the Debt Service Payments on the Bonds according to their tenor and effect, (B) all other payments due from the Institution or the Issuer to the Trustee pursuant to any Financing Document, (C) the performance and observance by the Issuer and the Institution of all of the covenants, agreements, representations and warranties made for the benefit of the Trustee pursuant to any Financing Document, (D) the monetary obligations of the Institution to the Issuer and its members, directors, officers, agents, servants and employees under the Loan Agreement and the other Financing Documents, and (E) all interest, penalties and late charges accruing on any of the foregoing; and, (2) with respect to the Guaranty, means (A) all indebtedness of the Institution for borrowed moneys, (B) all indebtedness, no matter how created, secured by the Facility or other property of the Institution, whether or not such indebtedness is assumed by the Institution, (C) the liability of the Institution under any lease of real or personal property that is properly capitalized on the balance sheet of the Institution in accordance with generally accepted accounting principles, and (D) any guaranty by the Institution of any other Person for borrowed moneys or which has been incurred or assumed by such Person in connection with the acquisition of property or the leasing of real or personal property which is properly capitalized on the balance sheet of such Person in accordance with generally accepted accounting principles, excluding indebtedness that has been defeased.

"Indenture" means the trust indenture dated as of October 1, 2014 by and between the Issuer and the Trustee, as said trust indenture may be amended or supplemented from time to time.

"Independent Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and not a full-time employee of the Institution or the Issuer.

"Indirect Participant" means a Person utilizing the Book Entry System of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Direct Participant.

"Initial Arbitrage Certificate" means the certificate dated the Closing Date for the Initial Bonds executed by the Issuer and relating to certain requirements set forth in Section 148 of the Code applicable to the Initial Bonds and the Initial Project.

"Initial Bond Purchase Agreement" means the bond purchase agreement dated October __, 2014 by and among the Underwriter, the Issuer and the Institution relating to the purchase of the Initial Bonds by the Underwriter, as said bond purchase agreement may be amended or supplemented from time to time.

"Initial Bond Resolution" means the resolution of the members of the board of directors of the Issuer duly adopted on August 21, 2014 authorizing the Issuer to undertake the Initial Project, to issue and sell the Initial Bonds and to execute and deliver the Initial Financing Documents to which the Issuer is a party.

"Initial Bonds" means the Issuer's Tax-Exempt Revenue Refunding Bonds (Albany College of Pharmacy and Health Sciences Project), Series 2014A in the aggregate principal amount of [$20,500,000], issued pursuant to the Initial Bond Resolution and Article II of the Indenture and sold to the Underwriter pursuant to the provisions of the Initial Bond Purchase Agreement, in substantially the form attached to the Indenture as Schedule I thereto, and any Initial Bonds issued in exchange or substitution therefor.

"Initial Continuing Disclosure Agreement" means the continuing disclosure agreement dated as of October 1, 2014 by and between the Institution and the Trustee relating to the Initial Bonds, as said continuing disclosure agreement may be amended or supplemented from time to time.

"Initial Depository Letter" means any letter of representations by and among the Issuer and the Depository relating to the Initial Bonds, and any amendments or supplements thereto entered into with respect thereto.

"Initial Financing Documents" means the Initial Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment, the Guaranty, the Initial Tax Documents, the Initial Underwriter Documents and any other document now or hereafter executed by the Issuer or the Institution in favor of the Holders of the Initial Bonds or the Trustee which affects the rights of the Holders of the Initial Bonds or the Trustee in or to the Initial Project Facility, in whole or in part, or which secures or guarantees any sum due under the Initial Bonds or any other Initial Financing Document, each as amended from time to time, and all documents related thereto and executed in connection therewith.

"Initial Letter of Representation" means the letter of representation dated October __, 2014 by and among the Institution, the Issuer and the Underwriter, pursuant to which the Institution will provide indemnification to the Issuer and the Underwriter relating to the issuance and sale of the Initial Bonds.

"Initial Official Statement" means the official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

"Initial Preliminary Official Statement" means the preliminary official statement delivered in connection with the sale of the Initial Bonds by the Underwriter.

"Initial Project" shall have the meaning assigned to such term in the fourth recital clause to the Indenture and the Loan Agreement.

"Initial Project Facility" shall have the meaning set forth in the fourth recital paragraph of the Indenture.

"Initial Tax Documents" means, collectively, the Initial Arbitrage Certificate and the Initial Tax Regulatory Agreement.

"Initial Tax Regulatory Agreement" means the tax regulatory agreement dated the Closing Date for the Initial Bonds executed by the Institution in favor of the Issuer and the Trustee regarding, among other things, the restrictions prescribed by the Code in order for interest on the Initial Bonds to be and remain excludable from the gross income of the Holders thereof for federal income tax purposes.

"Initial Underwriter Documents" means the Initial Bond Purchase Agreement, the Initial Letter of Representation, the Initial Continuing Disclosure Agreement, the Initial Preliminary Official Statement, the Initial Official Statement and any other document now or hereafter executed by the Issuer or the Institution in connection with the sale of the Initial Bonds by the Underwriter.

"Institution" means Albany College of Pharmacy and Health Sciences, a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns, to the extent permitted by Section 8.4 of the Loan Agreement.

"Insurance and Condemnation Fund" means the fund so designated established pursuant to Section 401(A)(3) of the Indenture.

"Interest Payment Date" means (A) with respect to the Initial Bonds, June 1 and December 1 of each year, commencing December 1, 2014, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of interest on such Additional Bonds, as set forth in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds. In any case, the final Interest Payment Date of any Series of the Bonds shall be the Maturity Date relating thereto.

"Issuer" means (A) City of Albany Capital Resource Corporation and its successors and assigns, and (B) any public instrumentality or political subdivision resulting from or surviving any consolidation or merger to which the City of Albany Capital Resource Corporation or its successors or assigns may be a party.

"Letter of Representation" means the Initial Letter of Representation.

"Lien" means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, security agreement, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics', materialmen's, warehousemen's and carriers' liens and other similar encumbrances affecting real property. For purposes hereof, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Loan" means the loan by the Issuer of the proceeds received from the sale of the Bonds to the Institution pursuant to the provisions of the Loan Agreement.

"Loan Agreement" means the loan agreement dated as of October 1, 2014 by and between the Issuer and the Institution, as said loan agreement may be amended or supplemented from time to time.

"Loan Payments" means the amounts required to be paid by the Institution pursuant to the provisions of Section 5.1 of the Loan Agreement.

"Long-Term Indebtedness" means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the Institution has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof.

"Maturity Date" means, with respect to any Bond, the final Stated Maturity of the principal of such Bond.

"Maximum Annual Debt Service" means, (1) with respect to the Bonds, on any date, when used with respect to any Series of the Bonds, the greatest amount required in the then current or any future Bond Year to pay the sum of: (A) interest on such Series of the Bonds payable in such Bond Year, excluding accrued interest received upon the issuance of such Series of the Bonds and capitalized interest financed by the issuance of such Series of the Bonds, and (B) the principal and the Sinking Fund Payments due on such Series of the Bonds in such Bond Year; and, (2) with respect to the Guaranty, means on any date, the greatest amount required in the then current or future fiscal year to pay the sum of the principal and sinking fund installments of and interest on outstanding Long-Term Indebtedness payable during such year assuming that any Long-Term Indebtedness that bears a variable rate of interest (A) if the Long-Term Indebtedness is tax-exempt, the interest rate borne by such Indebtedness shall be assumed to be the five year average of the SIFMA index (or a comparable index) as of the date one month before the issuance of such proposed Indebtedness, (B) if such Long-Term Indebtedness is not tax-exempt, the interest rate borne by such Long-Term Indebtedness shall be assumed to be the five year average of 30-day LIBOR (or a comparable index) as of the date one month before the issuance of such proposed Long-Term Indebtedness, and (C) if the variable rate Long-Term Indebtedness is subject to an interest rate exchange agreement, the interest rate borne by such Long-Term Indebtedness shall include the net payments made to or received from the counterparty; provided further, that with respect to any Balloon Long-Term Indebtedness, such Long-Term Indebtedness shall be assumed to be amortized to provide for level debt service for a period equal to the original term of such debt at the interest rate actually borne by such balloon Long-Term Indebtedness or at the average variable rate as described above.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

"Mortgage" means the mortgage and security agreement dated as of October 1, 2014 from the Institution to the Issuer and the Trustee, which, among other things, grants to the Issuer and the Trustee a first mortgage lien on, and a security interest in, among other things, the Mortgaged Property, as said mortgage and security agreement may be amended or supplemented from time to time.

"Mortgaged Property" means all Property which may from time to time be subject to the Lien of the Mortgage.

"Net Proceeds" means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys' fees) incurred in obtaining such Gross Proceeds.

"Nonexempt Entity" means any Person other than (A) a state or local governmental entity or (B) a Person described in Section 501(c)(3) of the Code which has been recognized in writing by the Internal Revenue Service as being exempt from taxation under Sections 501(a) and Section 501(c)(3) of the Code.

"Office of the Trustee" means the corporate trust office of the Trustee specified in Section 1103 of the Indenture, or such other address as the Trustee shall designate pursuant to Section 1103 of the Indenture.

"Official Statement" means (A) with respect to the Initial Bonds, the Initial Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution in connection with the sale by the Underwriter of the related Series of Additional Bonds.

"Operating Revenues Available for Debt Service" means Unrestricted Operating Revenues, minus total unrestricted operating expenses, excluding (i) depreciation, (ii) amortization,(iii) interest expenses as displayed or included in the Institution's audited financial statements produced in accordance with generally accepted accounting principles then applicable to the Institution, (iv) any non-cash adjustment for changes in accounting estimates, change in generally accepted accounting principles, or other non-cash adjustments made in accordance with generally accepted accounting principles, (v) extraordinary items, and (vi) any unrealized gains/appreciation or losses/depreciation on the carrying value of investments or interest exchange agreements.

"Optional Redemption Premium" means any premium payable upon an optional redemption of the Bonds, as determined pursuant to Section 301(B) of the Indenture.

"Ordinary Services" and "Ordinary Expenses" means those reasonable services normally rendered with those reasonable expenses, including reasonable attorneys' fees, normally incurred by a trustee or a paying agent, as the case may be, under instruments similar to the Indenture.

"Outstanding" means, when used with reference to the Bonds as of any date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(A) Bonds theretofore cancelled or deemed cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(B) Bonds for the payment or redemption of which moneys or Defeasance Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or Redemption Date of any such Bonds) in accordance with the Indenture (whether upon or prior to the maturity or Redemption Date of any such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form and substance to the Trustee shall have been filed with the Trustee; and

(C) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered under the Indenture.

In determining whether the Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, Bonds which are held by or on behalf of the Institution (unless all of the outstanding Bonds are then owned by the Institution) shall be disregarded for the purpose of any such determination. If the Indenture shall be discharged pursuant to Article X of the Indenture, no Bonds shall be deemed to be Outstanding within the meaning of this definition.

"Owner" or "owner", when used with respect to a Bond, means the registered Owner of such Bond, except that wherever appropriate the term "Owner" shall mean the owner of such Bond for federal income tax purposes.

"Participant" shall have the meaning assigned to such term in Section 213(B) of the Indenture.

"Paying Agent" means the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to Article VII of the Indenture, their respective successors and any other corporation that may at any time be substituted in their respective places pursuant to the Indenture.

"Permitted Encumbrances" means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens, (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2(B) of the Loan Agreement, or (2) at the time not delinquent, (D) any Lien on the Initial Project Facility obtained through any Financing Document, (E) any Lien on the Initial Project Facility in favor of the Trustee, and (F) any lien on the Initial Project Facility that does not constitute a lien on Mortgaged Property.

"Person" means an individual, partnership, corporation, limited liability company, trust, unincorporated organization or Governmental Authority.

"Pledge and Assignment" means the pledge and assignment dated as of October 1, 2014 from the Issuer to the Trustee, and acknowledged by the Institution, pursuant to which the Issuer has assigned to the Trustee its rights under the Loan Agreement (except the Unassigned Rights), as said pledge and assignment may be amended or supplemented from time to time.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 205 of the Indenture in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Preliminary Official Statement" means (A) with respect to the Initial Bonds, the Initial Preliminary Official Statement, and (B) with respect to any Series of Additional Bonds, any similar document approved by the Issuer and the Institution for use in connection with the issuance of the related Series of Additional Bonds.

"Principal Payment Date" means (A) with respect to the Initial Bonds, each Interest Payment Date on which a Sinking Fund Payment is due on the Bonds, and the Maturity Date of each of the Initial Bonds, and (B) with respect to any Additional Bonds, the Stated Maturity of each installment of principal due on such Additional Bonds.

"Prior Bonds" means (A) Civic Facility Revenue Bonds (Albany College of Pharmacy Project), Series 2004A in the original aggregate principal amount of $14,000,000, and (B) Civic Facility Revenue Bonds (Albany College of Pharmacy Project) in the original aggregate principal amount of $8,000,000, issued by the City of Albany Industrial Development Agency.

"Prior Reserve Funds" means the reserve funds established in connection with the Prior Bonds.

"Prior Trustee" shall have the meaning assigned to such term in the fourteenth recital clause to the Indenture.

"Project" means (A) with respect to the Initial Bonds, the Initial Project, and (B) with respect to any Series of Additional Bonds, the Additional Project with respect to which such Series of Additional Bonds were issued.

"Project Costs" means Costs of the Project.

"Project Fund" means the fund so designated established pursuant to Section 401(A)(1) of the Indenture.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Rating Agency" means Moody's, if the Bonds are rated by Moody's at the time, and Standard & Poor's, if the Bonds are rated by Standard & Poor's at the time, and their successors and assigns.

"Rebate Amount" shall have the meaning assigned to such term in the Tax Documents.

"Rebate Fund" means the fund so designated established pursuant to Section 401(A)(5) of the Indenture.

"Rebate Fund Earnings Account" means the special account so designated within the Rebate Fund established pursuant to Section 401(A)(5)(b) of the Indenture.

"Rebate Fund Principal Account" means the account so designated within the Rebate Fund established pursuant to Section 401(A)(5)(a) of the Indenture.

"Record Date" means either a Regular Record Date or a Special Record Date.

"Redemption Date" means, when used with respect to a Bond, the date upon which a Bond is scheduled to be redeemed pursuant to the Indenture.

"Redemption Price" means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the provisions of the Indenture and such Bond.

"Regular Record Date" means, with respect to the interest and any Sinking Fund Payment or principal payment due on the Bonds on or prior to maturity payable on any Bond on any Interest Payment Date, the fifteenth (15th) day (whether or not a Business Day) of the calendar month preceding the calendar month in which such Interest Payment Date occurs.

"Reporting Date" means the reporting date of compliance with the Debt Service Coverage Ratio, such date being no later than 120 days following the end of each fiscal year of the Institution, commencing with the fiscal year ending June 30, 2015.

"Request for Disbursement" means a request from the Institution, as agent of the Issuer, signed by an Authorized Representative of the Institution, stating the amount of the disbursement sought and containing the statements, representations and other items required by Article IV of the Indenture and by Section 3.3 of the Loan Agreement, which Request for Disbursement shall be in substantially the form of Exhibit A attached to the Indenture.

"Requirement" or "Local Requirement" means any law, ordinance, order, rule or regulation of a Governmental Authority.

"Securities Laws" means the Securities Act of 1933, as amended, and all other securities laws of the United States of America or the State to the extent that such laws may now or hereafter be applicable to or affect the issuance, sale and delivery of the Bonds and any transfer or resale thereof.

"Security Documents" shall have the meaning assigned to such term in Section 4.1 of the loan Agreement.

"SEQRA" means Article 8 of the Environmental Conservation Law of the State and the statewide and local regulations thereunder.

"Series" or "Series of Bonds" means all of the Bonds of a single series authenticated and delivered pursuant to the Indenture.

"Series 2004A Bonds" shall have the meaning assigned to such term in the fourth recital clause to the Indenture.

"Series 2004B Bonds" shall have the meaning assigned to such term in the fourth recital clause to the Indenture.

"Series 2014A Project Account" means the account so designated within the Project Fund established pursuant to Section 401(A)(1)(a) of the Indenture.

"Sinking Fund Payments" means (A) with respect to the Initial Bonds, the sinking fund redemption payments due on the Initial Bonds pursuant to Section 301(C) of the Indenture and (B) with respect to any Additional Bonds, the sinking fund redemption payments (if any) required pursuant to the Supplemental Indenture authorizing issuance of such Additional Bonds.

"Special Record Date" means a date for the payment of any Defaulted Payment on the Bonds fixed by the Trustee pursuant to Section 207(C) of the Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, with the consent of the Institution.

"State" means the State of New York.

"Stated Maturity" means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest on such Bond is due and payable.

"Substantial User" means any Person constituting a "substantial user" within the meaning ascribed to such term in Section 147(a) of the Code.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture executed by the Issuer in accordance with Article VIII of the Indenture.

"Tax Documents" means, collectively, (A) with respect to the Initial Bonds, the Initial Tax Documents and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance of such Series of Additional Bonds.

"Tax-Exempt Bond" means any Bond issued as an obligation of the Issuer, the interest on which is intended to be excluded from the gross income of the Holder thereof for federal income tax purposes pursuant to Section 103 and Section 145 of the Code, including but not limited to the Initial Bonds.

"Tax Regulatory Agreement" means (A) with respect to the Initial Bonds, the Initial Tax Regulatory Agreement and (B) with respect to any Series of Additional Bonds intended to be issued as Tax-Exempt Bonds, any similar document executed by the Institution in connection with the issuance and sale of such Series of Additional Bonds.

"Term Bonds" means Bonds having a single stated maturity for which Sinking Fund Installments are specified in Section 301(C) of the Indenture (or, if such Bonds are Additional Bonds, in the supplemental indenture authorizing the issuance of such Bonds).

"Termination of Loan Agreement" means a termination of Loan Agreement by and between the Institution, as borrower, and the Issuer, as lender, intended to evidence the termination of the Loan Agreement, substantially in the form attached as Exhibit C to the Loan Agreement.

"Transfer Agent" means the Trustee, acting in its capacity as bond registrar under the Indenture, and its successors and assigns as bond registrar under the Indenture.

"Trust Estate" means all Property which may from time to time be subject to a Lien in favor of the Trustee created by the Indenture or any other Financing Document.

"Trust Revenues" means (A) all payments of loan payments made or to be made by or on behalf of the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights), (B) all other amounts pledged to the Trustee by the Issuer or the Institution to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (C) the Net Proceeds (except proceeds with respect to the Unassigned Rights) of insurance settlements and Condemnation awards with respect to the Initial Project Facility, (E) moneys and investments held from time to time in each fund and account established under the Indenture and all investment income thereon, except (1) moneys and investments held in the Rebate Fund, (2) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, (3) unclaimed funds held under Section 409 of the Indenture, and (4) as specifically otherwise provided, and (E) all other moneys received or held by the Trustee for the benefit of the Bondholders pursuant to the Indenture. Notwithstanding anything to the contrary, amounts held in the Rebate Fund shall not be considered Trust Revenues and shall not be subject to the Lien of the Indenture, and amounts held therein shall not secure any amount payable on the Bonds.

"Trustee" means Regions Bank, a banking corporation organized and existing under the laws of the State of Alabama, or any successor trustee or co-trustee acting as trustee under the Indenture.

"Unassigned Rights" means (A) the rights of the Issuer granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 3.8, 4.4, 5.1(B)(2), 5.1(C), 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, 8.14, 8.16, 8.17, 9.1, 9.2, 9.3, 11.1, 11.4, 11.8 and 11.10 of the Loan Agreement, (B) the moneys due and to become due to the Issuer for its own account or the members, directors, officers, agents (other than the Institution), servants and employees of the Issuer for their own account pursuant to Sections 2.2, 5.1(B)(2), 5.1(C), 6.4(B), 8.2, 10.2 and 10.4 of the Loan Agreement, and (C) the right to enforce the foregoing pursuant to Article X of the Loan Agreement. Notwithstanding the preceding sentence, to the extent the obligations of the Institution under the Sections of the Loan Agreement listed in (A), (B) and (C) above do not relate to the payment of moneys to the Issuer for its own account or to the members, officers, directors, agents (other than the Institution), servants and employees of the Issuer for their own account, such obligations, upon assignment of the Loan Agreement by the Issuer to the Trustee pursuant to the Pledge and Assignment, shall be deemed to and shall constitute obligations of the Institution to the Issuer and the Trustee, jointly and severally, and either the Issuer or the Trustee may commence an action to enforce the Institution's obligations under the Loan Agreement.

"Underwriter" means (A) with respect to the Initial Bonds, Oppenheimer & Co. Inc., as original purchaser of the Initial Bonds on the Closing Date relating thereto, and (B) with respect to any Series of Additional Bonds, the original purchaser of such Series of Additional Bonds on the Closing Date relating thereto.

"Underwriter Documents" means, collectively, (A) with respect to the Initial Bonds, the Initial Underwriter Documents and (B) with respect to any Additional Bonds, any similar documents executed by the Issuer and/or the Institution in connection with the issuance of such Additional Bonds.

"Unrestricted Operating Revenues" means total unrestricted operating revenues, including interest and dividends and funds made available for operations from endowment funds and from other temporarily restricted resources as displayed or included in the Institution's audited financial statements produced in accordance with generally accepted accounting principles (GAAP) then applicable to the Institution, and excluding (i) any gains resulting from either the extinguishment of indebtedness, the sale, exchange or other disposition of capital assets not in the ordinary course of business, (ii) earnings resulting from any reappraisal, revaluation or write-up or write-down of fixed or capital assets, and (iii) any realized gains or losses on the sale of investments or interest exchange agreements.

"Yield", when used with respect to the Initial Bonds, shall have the meaning assigned to such term in the Initial Tax Regulatory Agreement.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2014 INDENTURE

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2014 INDENTURE

The following summarizes certain provisions of the Indenture to which reference is made for the detailed provisions thereof.

Restriction on Issuance of the Bonds *(Section 201)*

Except for substitute Bonds issued pursuant to the Indenture, the total aggregate principal amount of the Bonds that may be issued under the Indenture is expressly limited to $_______.

Limited Obligations *(Section 202)*

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations of the Issuer payable, with respect to the Issuer, solely from the Trust Revenues, which Trust Revenues are pledged and assigned for the equal and ratable payment of all sums due under the Bonds, and will be used for no other purpose than to pay the principal of, premium, if any, on and interest on the Bonds, except as may be otherwise expressly provided in the Indenture.

THE BONDS ARE NOT AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF ALBANY, NEW YORK AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF ALBANY, NEW YORK SHALL BE LIABLE THEREON. THE BONDS DO NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OF NEW YORK OR THE CITY OF ALBANY, NEW YORK.

No recourse shall be had for the payment of the principal of, or the premium, if any, or the Redemption Price of or the interest on, any Bond or for any claim based thereon or on the Indenture against any past, present or future member, officer, employee or agent (other than the Institution), as such, of the Issuer or of any predecessor or successor corporation, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

Delivery of Bonds *(Section 210)*

Upon the execution and delivery of the Indenture, the Issuer shall execute and deliver the Bonds (including a reasonable number of additional Bonds to be retained by the Trustee for authentication and delivery upon transfer or exchange of any Bond) to the Trustee, and the Trustee shall authenticate and deliver the Bonds to the purchasers thereof against payment of the purchase price therefor, plus accrued interest to the day preceding the date of delivery, upon receipt by the Trustee of the following:

(1) a certified copy of the Bond Resolution;

(2) executed counterparts of the Indenture, the Loan Agreement and the other Financing Documents;

(3) a request and authorization to the Trustee on behalf of the Issuer signed by an Authorized Representative of the Issuer to deliver the Bonds to the purchasers thereof upon payment to the Trustee for the account of the Issuer of the purchase price therefor specified in such request and authorization;

(4) signed copies of the opinions of counsel to the Issuer, the Institution and Bond Counsel, as required by the Initial Bond Purchase Agreement;

(5) the certificates and policies, if available, of the insurance required by the Loan Agreement;

(6) evidence that a completed Internal Revenue Service Form 8038 with respect to the Bonds has been signed by the Issuer; and

(7) such other documents as the Trustee or Bond Counsel may reasonably require.

Establishment of Funds *(Section 401)*

The Indenture creates five trust funds (and various accounts therein) to be held by the Trustee, as follows: (1) the Project Fund and, within the Project Fund, the following special accounts: (a) the Series 2014A Project Account; and (b) an additional, separate account for each Series of Additional Bonds, each such additional account to be known as the "Series _____ Project Account (2) the Bond Fund; (3) the Insurance and Condemnation Fund; and (4) the Rebate Fund, and, within the Rebate Fund, the following special accounts: (a) the Rebate Fund Principal Account and (b) the Rebate Fund Earnings Account.

All moneys required to be deposited with or paid to the Trustee under any provision of the Indenture (1) shall be held by the Trustee in trust, and (2) (except for moneys held by the Trustee (a) for the redemption of Bonds, notice of redemption of which has been duly given, (b) as unclaimed monies under Section 409 of the Indenture or (c) in the Rebate Fund) shall, while held by the Trustee, constitute part of the Trust Revenues and be subject to the Lien of the Indenture. Moneys which have been deposited with, paid to or received by the Trustee for the redemption of a portion of the Bonds or for the payment of Bonds or interest thereon due and payable otherwise than upon acceleration by declaration, shall be held in trust for and be subject to a Lien in favor of only the Holders of such Bonds so redeemed or so due and payable.

Moneys held in the Rebate Fund shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Trustee or any other Person.

Application of Proceeds of Bonds *(Section 402)*

The Issuer shall deposit with the Trustee all of the proceeds from the sale of the Bonds, including accrued interest payable on the Bonds. The Trustee shall deposit the proceeds from the sale of the Bonds as follows: (1) the Trustee shall deposit the portion (if any) of the proceeds of the sale of the Bonds representing accrued interest on the Bonds into the Bond Fund; and (2) the Trustee shall deposit the remainder of the proceeds of the sale of the Bonds into the Series 2014A Project Account of the Project Fund.

Project Fund *(Section 404)*

In addition to moneys deposited in the accounts in the Project Fund from the proceeds of the sale of the Bonds pursuant to Section 402 of the Indenture, there shall be deposited into the Project Fund all other moneys received by the Trustee under or pursuant to the Indenture or the other Financing Documents which, by the terms hereof or thereof, are to be deposited in the Project Fund.

On the Closing Date relating to the Initial Bonds, or as soon thereafter as is practicable, following execution and delivery of the Defeasance Escrow Agreement, the Trustee shall pay to the Prior Trustee, from the moneys on deposit in the Project Fund, an amount equal to the Defeasance Cash Deposit. Pursuant to the provisions of the Defeasance Escrow Agreement, the Defeasance Cash Deposit shall become part of the Defeasance Escrow Deposit, and the Defeasance Escrow Deposit shall be held by the Prior Trustee pursuant to the Defeasance Escrow Agreement and applied to pay debt service coming due on the Prior Bonds and to redeem the Prior Bonds in accordance with the terms of the Defeasance Escrow Agreement.

Moneys on deposit in the Project Account of the Project Fund with respect to the Bonds shall be disbursed and applied by the Trustee to pay certain other costs of the Project relating to the Project as specified by the Institution pursuant to the provisions of Section 3.3 of the Loan Agreement and Section 404 of the Indenture.

The Trustee is authorized and directed to disburse moneys from the Project Fund upon receipt by the Trustee of a Request for Disbursement, certified to by an Authorized Representative of the Institution in accordance with the applicable provisions of the Indenture, the Loan Agreement and the Tax Regulatory Agreement.

Except for any amount retained for the payment of incurred and unpaid items of the Cost of the Project, after the Completion Date related to a particular Project, all moneys in the related account in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) shall be transferred from the Project Fund to the Bond Fund to and be applied, subject to Section 301(D) of the Indenture, as soon as possible to the redemption of Bonds in accordance with Article III of the Indenture.

In the event that the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default, the balance in the Project Fund (in excess of any amount required to be transferred to the Rebate Fund pursuant to the Indenture and the Tax Documents) shall be transferred from the Project Fund to the Bond Fund as soon as possible and be used to pay the principal of, premium, if any, on and interest on the Bonds.

The Trustee is required to maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall, upon request of the Issuer or the Institution and within sixty (60) days after the Completion Date, file an accounting thereof with the Issuer and the Institution.

Bond Fund *(Section 405)*

In addition to the moneys deposited to the Bond Fund (1) from the proceeds of the Bonds pursuant to Section 402 of the Indenture and (2) pursuant to Sections 403, 404 and 410 of the Indenture, there shall be deposited into the Bond Fund (a) all loan payments received from the Institution under the Loan Agreement (except payments made with respect to the Unassigned Rights, which shall be paid to the Issuer), (b) any amount in the Insurance and Condemnation Fund directed to be paid into the Bond Fund under Section 406 of the Indenture, (c) any amounts received from the Institution pursuant to Section 4.6 of the Loan Agreement, (d) all prepayments by the Institution in accordance with Section 5.3 of the Loan Agreement in connection with which notice has been given to the Trustee pursuant to Section 302 of the Indenture, and (e) all other moneys received by the Trustee under and pursuant to the Indenture or the other Financing Documents which by the terms of the Indenture or thereof are to be deposited into the Bond Fund, or are accompanied by directions from the Institution or the Issuer that such moneys are to be paid into the Bond Fund.

Moneys on deposit in the Bond Fund may be invested in Authorized Investments in accordance with Section 410 of the Indenture. All interest and other income accrued and earned on moneys on deposit in the Bond Fund shall be deposited by the Trustee into the Bond Fund. Moneys on deposit in the Bond Fund shall, subject to Section 405(C) of the Indenture, be applied by the Trustee to pay the principal of, premium, if any, and interest on the Bonds as the same become due, whether at Stated Maturity, upon acceleration of the Bonds or upon redemption of the Bonds, except as provided in Section 411 of the Indenture.

On the Business Day immediately following a Bond Payment Date, if any amounts remain in the Bond Fund, the Trustee shall inform the Institution of the amount remaining in the Bond Fund, and such moneys shall be applied by the Trustee to the Debt Service Payments due on the following Bond Payment Date.

Notwithstanding anything in the Indenture to the contrary, except as otherwise provided in the Tax Documents, in NO EVENT shall moneys deposited in the Bond Fund be retained therein for a period in excess of one (1) year.

<u>Insurance and Condemnation Fund</u> *(Section 406)*

The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee in connection with damage to or destruction of or the taking of part or all of the Initial Project Facility shall be deposited into the Insurance and Condemnation Fund, as set forth in Article VII of the Loan Agreement.

If, pursuant to Sections 7.1 or 7.2 of the Loan Agreement, following damage to or Condemnation of all or a portion of the Initial Project Facility, (1) the Institution exercises its option not to repair, rebuild or restore the Initial Project Facility and to require the redemption of the Bonds, or (2) if a taking in Condemnation as described in Section 7.2(C) of the Loan Agreement occurs, the Trustee shall, after any transfer to the Rebate Fund required by the Tax Documents and Section 407 of the Indenture is made, transfer all moneys held in the Insurance and Condemnation Fund to the Bond Fund to be applied to the redemption of the Bonds then Outstanding pursuant to Section 301(A) of the Indenture, except as provided in Section 411 of the Indenture.

If, following damage to or Condemnation of all or a portion of the Initial Project Facility, the Institution elects to repair, rebuild or restore the Initial Project Facility, and provided no Event of Default under the Indenture or under any other Financing Document has occurred and is continuing, moneys held in the Insurance and Condemnation Fund and attributable to the damage to or the destruction of or the taking of the Initial Project Facility shall, after any transfer to the Rebate Fund required by the Tax Documents and Section 407 of the Indenture is made, be applied to pay the costs of such repairs, rebuilding or restoration in accordance with the terms and conditions set forth in Section 406(D) of the Indenture.

If the cost of the repairs, rebuilding or restoration of the Project Facility effected by the Institution shall be less than the amount in the Insurance and Condemnation Fund, then on the completion of such repairs, rebuilding or restoration as evidenced to the Trustee pursuant to Section 406(E) of the Indenture, the Trustee shall transfer such difference to the Bond Fund and use such amounts so transferred to redeem the Bonds in accordance with Article III of the Indenture; provided that such amounts may be transferred to the Institution for its purposes if (1) the Institution so requests and (2) the Institution furnishes to the Trustee an opinion of Bond Counsel to the effect that payment of such moneys to the Institution will not, in and of itself, adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes.

If the cost of the repair, rebuilding or restoration of the Initial Project Facility shall be in excess of the moneys held in the Insurance and Condemnation Fund, the Institution shall deposit such additional moneys in the Insurance and Condemnation Fund as are necessary to pay the cost of completing such repair, rebuilding or restoration. Prior to making any disbursement pursuant to Section 406(D) of the Indenture, the Trustee shall be entitled (but not obligated) to receive from the Institution evidence as to the cost of repair, rebuilding or restoration of the Project Facility and the proposed sources of repayment thereof.

Rebate Fund *(Section 407)*

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the Institution, shall deposit in the Rebate Fund Principal Account, within thirty (30) days after the end of each Bond Year commencing with the first Bond Year, an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year and so certified to the Trustee. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 404(D) of the Indenture or the restoration of the Initial Project Facility pursuant to Section 406(E) of the Indenture at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund Principal Account upon receipt of such certification an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated on the Completion Date or at the time of restoration of the Initial Project Facility, as the case may be. The amount to be deposited in the Rebate Fund shall be withdrawn from the fund or funds established under the Indenture designated by the Institution, or, in the event the amounts held in such fund or funds are less than the Rebate Amount, the amount to be deposited shall be withdrawn from the fund or funds established under the Indenture designated by the Institution or from other moneys made available by the Institution. Any provision of the Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien under the Indenture.

In the event that on the first day of any Bond Year, after the calculation of the Rebate Amount, the amount on deposit in the Rebate Fund Principal Account exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Issuer or the Institution, shall withdraw such excess amount and (1), prior to the Completion Date, shall transfer such excess to the Project Fund to be applied to the payment of Costs of the Project or (2), after the Completion Date, shall transfer such excess to the Bond Fund to be applied to the payment of the principal and interest and Sinking Fund Payments coming due on the Bonds on the next following Bond Payment Date.

The Trustee, upon the receipt of written instructions satisfactory to the Trustee from an Authorized Representative of the Institution, shall pay to the United States, from amounts on deposit in the Rebate Fund or from other moneys supplied by the Institution, (1) not less frequently than once every five (5) years after the date of original issuance (or such other date as the Institution may choose, provided the Institution receives an opinion of Bond Counsel that such change will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes) and every five years thereafter until final retirement of the Bonds, an amount such that, together with prior amounts paid to the United States, the total amount paid to the United States is equal to ninety percent (90%) of the Rebate Amount with respect to the Bonds as of the date of such payment plus all amounts then held in the Rebate Fund Earnings Account, and (2) not later than thirty (30) days after the date on which all Bonds of any particular series have been paid in full, one hundred percent (100%) of the Rebate Amount with respect to such Bonds as of the date of such payment plus all amounts relating thereto then held in the Rebate Fund Earnings Account.

Notwithstanding any other provision in the Indenture, general or specific, to the contrary, the Trustee shall have no obligations under the Indenture relating to arbitrage restrictions or rebate requirements, except to comply with specific written instructions received by the Trustee from the Institution with respect to deposits into the Rebate Fund and release of moneys therefrom. The Trustee shall not have any responsibility to make any calculations relating to arbitrage restrictions or rebate requirements, or to make any other determinations with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes or to verify, confirm or review (and the Trustee shall not verify, confirm or review) any such calculations or requirements or determinations made under the Indenture or under the Tax Regulatory Agreement relating to arbitrage restrictions or rebate requirements, or with respect to the excludability of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes or to take any other action with respect thereto under the Indenture. The Trustee shall not have any responsibility for verifying (and the Trustee shall not verify, confirm or review) that the use of proceeds of the Bonds is in compliance with the requirements of the Code. The Trustee shall not have any responsibility to notify the Institution or any other person of any failure by the Institution or any other person to provide to the Trustee timely written directions relating to arbitrage restrictions or rebate requirements as required under the Indenture or under the Tax Regulatory Agreement, including, without limitation, Institution certifications or directions regarding rebate determinations or rebate payments which may be due and payable to the Internal Revenue Service.

As indicated in Section 513(B) of the Indenture, the Issuer shall not be responsible for the calculation or payment of any rebate amount required by Section 148 of the Code.

No Modification of Security; Limitation on Liens *(Section 508)*

The Issuer covenants that it will not, without the written consent of the Trustee, alter, modify or cancel, or agree to alter, modify or cancel, the Loan Agreement or any other Financing Document to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds, except as contemplated by the Indenture. The Issuer further covenants that, except for the Financing Documents and other Permitted Encumbrances, the Issuer will not incur, or suffer to be incurred, any mortgage, Lien, charge or encumbrance on or pledge of any of the Trust Revenues prior to or on a parity with the Lien of the Indenture.

Covenant Against Arbitrage Bonds *(Section 513)*

Notwithstanding any other provision of the Indenture, so long as any Tax-Exempt Bonds shall be Outstanding, the Issuer shall not use or direct or permit the use of the proceeds of the Tax-Exempt Bonds or any other moneys in its control (including, without limitation, the proceeds of any insurance settlement or Condemnation award with respect to the Initial Project Facility) in such manner as would cause any of the Tax-Exempt Bonds to be an "arbitrage bond" within the meaning of such quoted term in Section 148 of the Code. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Institution is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Institution, such information concerning the investment of such administrative fee as shall be requested by the Institution and as shall be reasonably available to the Issuer.

The Issuer shall not be responsible for the calculation or payment of any rebate amount required by Section 148 of the Code.

The Trustee shall not be responsible for the calculation, or the payment from its own funds, of any amount required to be rebated to the United States under Section 148 of the Code. The Trustee shall, however, make such transfers to the Rebate Fund and pay such amounts from the funds and accounts created under the Indenture and from the Institution's funds to the United States as the Institution, in accordance with the Indenture and the Tax Documents, shall direct.

Events of Default *(Section 601)*

The Indenture provides that each of the following events will constitute an Event of Default under the Indenture:

(1) failure by the Issuer to make due and punctual payment of the interest or premium or Sinking Fund Payments on any Bond or failure by the Issuer to make due and punctual payment of the principal of any Bond, whether at the Stated Maturity thereof, or upon proceedings for the redemption thereof, or upon the maturity thereof by declaration;

(2) subject to any right to waive the same as set forth in the Financing Documents, receipt by the Trustee of notice of the occurrence of an Event of Default under any of the other Financing Documents; or

(3) subject to Section 614 of the Indenture, default in the performance or observance of any other covenant, agreement or condition on the part of the Issuer in the Indenture or in any Bond to be performed or observed and the continuance thereof for a period of thirty (30) days after written notice thereof is given to the Issuer and the Institution by the Trustee or by the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding.

Acceleration *(Section 602)*

Upon (1) the occurrence of an Event of Default under Section 601(A) and 601(B) of the Indenture, the Trustee shall, or (2) the occurrence of an Event of Default under Section 601(C) of the Indenture and so long as such Event of Default is continuing, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding the Trustee shall, by notice in writing delivered to the Institution, with a copy of such notice being sent to the Issuer, declare the entire principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

Enforcement of Remedies *(Section 603)*

Upon the occurrence and during the continuance of any Event of Default, the Trustee shall exercise such of the rights and powers vested in the Trustee by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. In considering what actions are or are not prudent in the circumstances, the Trustee shall consider whether or not to take such action as may be permitted to be taken by the Trustee under any of the Financing Documents.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may proceed forthwith to protect and enforce its rights under the Act, the Loan Agreement and the other Financing Documents by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

Upon the occurrence and during the continuance of any Event of Default, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce payment of and receive any amounts due or becoming due from the Issuer or the Institution under any of the provisions of the Indenture, the Loan Agreement and the other Financing Documents, without prejudice to any other right or remedy of the Trustee or the Bondholders. The Trustee may sue for, enforce payment of and receive any amounts due or becoming due from the Institution for principal, premium, interest or otherwise under any of the provisions of the Indenture or the other Financing Documents, without prejudice to any other right or remedy of the Trustee.

Rights of Bondholders to Direct Proceedings *(Section 607)*

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right at any time, by an instrument in writing executed and delivered to the Trustee and upon offering the Trustee the security and indemnity provided for in Section 701(I) of the Indenture, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, the Loan Agreement or the other Financing Documents, or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction, in the sole opinion of the Trustee, is in accordance with the provisions of law and is not unduly prejudicial to the interests of the Bondholders not joining such direction and would not involve the Trustee in personal liability.

Application of Moneys *(Section 609)*

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Article VI of the Indenture shall be transferred to the Bond Fund and all such moneys and all other moneys transferred into the Bond Fund pursuant to Article IV of the Indenture upon the acceleration of the Bonds shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including reasonable attorneys' fees) incurred or made by the Trustee, be applied, together with the other moneys held by the Trustee under the Indenture (other than amounts in the Rebate Fund and unclaimed funds held pursuant to Section 409 of the Indenture), as follows:

(1) Unless the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

FIRST - to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - to the payment to the Persons entitled thereto of the unpaid principal of and any premium on the Bonds (other than Bonds called for redemption for the payment of which moneys shall be held pursuant to the provisions of the Indenture) which shall have become due, in order of their maturities, with interest from the date upon which they became due and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to amounts due respectively for principal, interest and premium, if any, to the Persons entitled thereto, without any discrimination or privilege; and

THIRD - to the payment to the Persons entitled thereto of the principal of, premium, if any, on, or interest on the Bonds which may thereafter become due and payable, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the Persons entitled thereto, without any discrimination or privilege.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal and premium over interest or of interest over principal and premium, or of any installment of interest over any other installment of interest, or of any Bonds over any other Bonds, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of Section 609(A)(1) of the Indenture, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for such application and the likelihood of additional moneys becoming available in the future. Whenever the Trustee shall apply such moneys under Section 609(A)(1), the Trustee shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. Whenever moneys are to be applied pursuant to the provisions of Section 609(A)(2) of the Indenture, such moneys shall be applied as soon as practicable upon receipt thereof. In either case, the Trustee shall give such notice as the Trustee may deem appropriate of the deposit with the Trustee of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee and a new Bond is issued or the Bond is canceled if fully paid.

Notice of Defaults; Opportunity to Cure *(Section 614)*

Anything in the Indenture to the contrary notwithstanding, no default under Section 601(C) through 601(D) of the Indenture shall constitute an Event of Default until the Trustee shall have received written notice thereof or shall have actual notice thereof within the meaning of Section 701(M) of the Indenture and until actual notice of such default by registered or certified mail shall be given by the Trustee or by the Holders of not less than fifty-one (51%) percent of the aggregate principal amount of Bonds then Outstanding to the Issuer and the Institution (with a copy to the Trustee if given by the Holders), and the Issuer and the Institution shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, that if said default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Institution within the applicable period and diligently pursued until the default is corrected.

Acceptance of the Trusts *(Section 701)*

The Trustee accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts upon the certain terms and conditions, including but not limited to the following:

(1) The Trustee may execute any of the trusts or powers as provided in the Indenture and perform any of its duties under the Indenture by or through attorneys, agents, receivers or employees, but

shall not be answerable for the conduct of the same if appointed with due care, and shall be entitled to advice of counsel concerning all matters of the trusts under the Indenture and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts under the Indenture. The Trustee may act upon the opinion or advice of any attorney appointed with due care, who may be the attorney or attorneys for the Issuer, and shall not be responsible for any loss or damage resulting from any action or nonaction in reliance upon any such opinion or advice.

(2) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee.

(3) Before taking any action under the Indenture (except declaring an Event of Default, a mandatory redemption or an acceleration of the Bonds pursuant to the Indenture), the Trustee may require that a security and indemnity reasonably satisfactory to it be deposited with it for the reimbursement of all fees, costs and expenses including, but not limited to, reasonable attorney's fees to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(4) The Trustee shall not be required to take notice or be deemed to have notice, or actual notice or knowledge, of the occurrence of any Event of Default under or referred to in Section 601 of the Indenture other than an Event of Default under Section 601(A) or Section 601(B) of the Indenture, unless an officer of the Trustee assigned to the Office of the Trustee shall have actual knowledge of such Event of Default or unless the Trustee shall be specifically notified in writing of such Event of Default by the Issuer or the Institution or by the Owners of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding under the Indenture, and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default, except as aforesaid.

<u>Appointment of Successor Trustee by the Bondholders; Temporary Trustee</u> *(Section 708)*

In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their duly authorized attorneys; provided, nevertheless, that in case of vacancy, the Issuer by an instrument executed and signed by the Chairman or Vice Chairman and attested by the Secretary or Assistant Secretary of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Every such successor or temporary Trustee appointed pursuant to the provisions of Section 708 of the Indenture shall (1) be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, (2) be located within or outside the State, (3) be duly authorized to exercise trust powers in the State, (4) be subject to examination by a federal or state authority, and (5) maintain a reported capital and surplus of not less than $5,000,000, or be a subsidiary of a bank holding company with such capital and surplus.

Supplemental Indentures not Requiring Consent of Bondholders *(Section 801)*

The Issuer and the Trustee, without the consent of, or notice to, any of the Bondholders, may enter into an indenture or indentures supplemental to the Indenture and not inconsistent with the terms and provisions under the Indenture, for any one or more of the following purposes:

(1) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(2) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;

(3) to subject additional rights and revenues to the Lien of the Indenture, or to identify more precisely the Trust Estate;

(4) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's;

(5) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes;

(6) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification under the Indenture or any supplemental Indenture under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state blue sky law;

(7) to enable the issuance of Additional Bonds;

(8) to permit the Bonds to be converted to certificated securities to be held by the registered Owners thereof; or

(9) for any other purpose not materially adverse to the interests of the Holders of the Bonds.

The Issuer and the Trustee may rely on an opinion of Independent Counsel as conclusive evidence that the execution and delivery of any amendment or supplemental indenture has been effected in compliance with Section 801 of the Indenture.

Supplemental Indentures Requiring Consent of Bondholders *(Section 802)*

Except for supplemental indentures as provided in Section 801 of the Indenture, the Holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing contained in Section 802 of the Indenture shall permit or be construed as permitting (1) without the consent of the Holder of such Bond, (a) a reduction in the rate, or extension of the time of payment, of interest on any Bond, (b) a reduction of any premium payable on the redemption of any Bond, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bond, or an extension of time in which the principal amount of any Bond is payable, whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture, (3) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Supplemental Indentures; Consent of the Institution *(Section 803)*

Supplemental indentures which affect the rights or liabilities of the Institution under the Indenture require the consent of the Institution.

Amendments to Loan Agreement or other Financing Documents not Requiring Consent of Bondholders *(Section 901)*

The Issuer, the Institution and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) as may be required (1) by the provisions of any Financing Document, (2) for the purpose of curing any ambiguity, inconsistency or formal defect therein or omission therefrom, (3) so as to identify more precisely the Trust Estate, (4) in connection with any supplemental indenture entered into pursuant to Section 801 of the Indenture, or to effect any purpose for which there could be a supplemental indenture pursuant to Section 801 of the Indenture, (5) to obtain or maintain a rating on the Bonds from Moody's or Standard & Poor's, (6) to comply with the provisions of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (7) in connection with any other supplemental indenture that is not materially adverse to the interests of the Holders of the Bonds.

The Issuer and the Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that the consent to the execution and delivery of any amendment, change or modification to the Loan Agreement or any other Financing Document (other than the Indenture) has been effected in compliance with the provisions of Section 901 of the Indenture.

Amendments to Loan Agreement or other Financing Documents Requiring Consent of Bondholders *(Section 902)*

Except for the amendments, changes or modifications as provided in Section 901 of the Indenture, neither the Issuer, the Institution nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or any other Financing Document (other than the Indenture) without mailing notice thereof to, and obtaining the written approval or consent thereto of, the Holders of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding given as in Section 902 of the Indenture.

Satisfaction and Discharge of Lien *(Section 1001)*

If the Issuer (1) shall pay or cause to be paid, to the Holders and Owners of the Bonds, the principal of the Bonds and premium, if any, due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (2) shall pay or cause to be paid from any source, to the Holders and Owners of the Bonds, the interest to become due on the Bonds, at the times and in the manner stipulated therein and in the Indenture, (3) shall have paid all fees, costs and expenses including, but not limited to, reasonable attorney's fees of the Trustee and each paying agent, and (4) shall pay or cause to be paid the entire Rebate Amount to the United States in accordance with the Tax Documents and Section 407 of the Indenture, then these presents and the trust and rights hereby granted shall cease, terminate and be void, and thereupon the Trustee shall (a) cancel and discharge the Lien of the Indenture upon the Trust Estate and the Trustee's rights under the other Financing Documents and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy same, (b) reconvey to the Issuer the Loan Agreement and the trust hereby conveyed, and (c) assign and deliver to the Institution any interest in Property at the time subject to the Lien of the Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, and the interest and premium, if any, on, the Bonds.

All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 1001(A) of the Indenture if, under circumstances which, in the opinion of Bond Counsel, do not adversely affect the exclusion under the Code of interest on the Tax-Exempt Bonds from the gross income of the Holders thereof for Federal income tax purposes, the following conditions shall have been fulfilled: (1) in case any of the Bonds are to be redeemed on any date prior to their maturity, the provisions in Article III of the Indenture relating to such redemption shall have been satisfied; and (2) there shall be on deposit with the Trustee moneys, which shall be either cash or non-callable Government Obligations, in an amount sufficient, without the need for further investment or reinvestment, but including any scheduled interest on or increment to such obligations, to pay when due the principal, premium, if any, and interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and to pay the Trustee for its Ordinary Services and Ordinary Expenses and for its Extraordinary Services and Extraordinary Expenses under the Indenture.

The Trustee may rely upon an opinion of an Accountant as to the sufficiency of the cash or such Government Obligations on deposit.

No Recourse; Special Obligation *(Section 1109)*

The obligations and agreements of the Issuer contained in the Indenture or in any other document executed by the Issuer in connection therewith shall (A) be deemed obligations and agreements of the Issuer, and not of any member, officer, agent or employee of the Issuer in his or her individual capacity, (B) not be an obligation of the State of New York or the City of Albany, New York, and (C) be limited obligations of the Issuer, payable solely from the revenues of the Issuer derived from the sale or other disposition of the Initial Project Facility.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Reference is made to the Loan Agreement for complete details of the terms thereof. The following is a brief summary of certain provisions of the Loan Agreement and should not be considered a full statement thereof.

Representations, Warranties and Covenants of the Issuer *(Section 2.1)*

The Issuer will make the following representations, warranties and covenants, among others:

(1) The Issuer is duly established under the provisions of the Enabling Act and has the power to enter into the Loan Agreement and to carry out the obligations thereunder. By proper official action, the Issuer has been duly authorized to execute, deliver and perform the Loan Agreement and the other Financing Documents to which the Issuer is a party.

(2) Neither the execution and delivery of the Loan Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of the other Financing Documents by the Issuer will conflict with or result in a breach by the Issuer of any of the terms, conditions or provisions of the Enabling Act, the certificate of incorporation or by-laws of the Issuer or any order, judgment, restriction, agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or will constitute a default by the Issuer under any of the foregoing.

(3) To assist in financing a portion of the Cost of the Project related to the Initial Project, the Issuer will issue and sell the Initial Bonds. In no event will the Issuer issue and sell additional obligations to pay the Cost of the Project if the issuance and sale of such further obligations would cause interest on the Initial Bonds to be or become subject to federal income taxation under the Code.

(4) The Issuer shall cooperate with the Institution in the filing by the Institution, as agent of the Issuer, of such returns and other information with the Internal Revenue Service as the Trustee or the Institution requests in writing and which Bond Counsel advises the Issuer in writing is necessary to preserve the tax-exempt status of the interest payable on the Initial Bonds, provided the Institution shall bear all costs of preparing, gathering and/or filing such returns and other information. In addition, the Issuer, at the request of the Institution, shall cooperate with the Institution in the filing by the Institution, as agent of the Issuer, of such returns and other information with the State and Albany County, New York.

(5) Subject to the limitations contained in the Loan Agreement, so long as the Bonds shall be Outstanding, the Issuer will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Institution, together with Bond Counsel, advise the Issuer in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (a) cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (b) adversely affect the exclusion of the interest paid or payable on any Tax-Exempt Bond from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Institution is required to rebate any amount with respect to such administrative fee, the Issuer

shall provide, upon the reasonable request of the Institution, such information concerning the investment of such administrative fee as shall be requested by the Institution and as shall be reasonably available to the Issuer.

Representations and Covenants of the Institution *(Section 2.2)*

The Institution makes the following representations and covenants, among others:

(1) The Institution is a not-for-profit corporation duly organized and validly existing under the laws of the State of New York, is duly authorized to do business in the State, has the power to enter into the Loan Agreement and the other Financing Documents to which the Institution is a party and to carry out its obligations thereunder, has been duly authorized to execute the Loan Agreement and the other Financing Documents to which the Institution is a party, and is qualified to do business in all jurisdictions in which its operations or ownership of Properties so require. The Loan Agreement and the other Financing Documents to which the Institution is a party, and the transactions contemplated thereby, have been duly authorized by all necessary action on the part of the board of directors of the Institution.

(2) The Institution will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Issuer, together with Bond Counsel, advise the Institution in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (a) adversely affect the exclusion of the interest paid or payable on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (b) cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Financing Documents.

(3) The Initial Project Facility and the operation thereof will comply in all material respects with all Applicable Laws, and the Institution will defend and save the Issuer and its members, directors, officers, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith. The Institution shall cause all notices required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws, and the Institution will defend and save the Issuer and its officers, members, agents, directors and employees harmless from all fines and penalties due to failure to comply therewith.

(4) All of the proceeds of the Initial Bonds shall be used to pay the costs of the Initial Project, and the total cost of the Initial Project is expected to at least equal $_________.

(5) The Institution will comply with all of the terms, conditions and provisions of the Tax Regulatory Agreement. All of the representations, certifications, statements of reasonable expectation and covenants made by the Institution in the Tax Regulatory Agreement are hereby declared to be for the benefit of, among others, the Issuer and are incorporated in the Loan Agreement as though set forth in full therein.

Covenant with Trustee and the Bondholders *(Section 2.3)*

The Issuer and the Institution agree that the Loan Agreement is executed in part to induce the purchase of the Bonds by the Holders and Beneficial Owners from time to time of the Bonds. Accordingly, all representations, covenants and agreements on the part of the Issuer and the Institution set forth in the Loan Agreement (other than the Unassigned Rights) are declared to be for the benefit of the Issuer, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds.

Completion of the Initial Project *(Section 3.1)*

The Institution shall promptly complete the Initial Project in accordance with the Application and the description of the Initial Project.

Issuance of the Initial Bonds *(Section 3.2)*

In order to make the Loan for the purposes of financing a portion of the Cost of the Project relating to the Initial Project, together with other costs and incidental expenses in connection therewith, the Issuer agrees that it will use its best efforts to (a) issue and deliver the Initial Bonds in an aggregate principal amount not exceeding $__________ and (b) cause the Initial Bonds to be delivered to the Underwriter as original purchaser of the Initial Bonds, all as provided in the Initial Bond Resolution and the Indenture.

Application of Proceeds of the Initial Bonds *(Section 3.3)*

The proceeds of the sale of the Initial Bonds will be deposited by the Issuer with the Trustee as provided in the Indenture and, upon submission to the Trustee of a Request for Disbursement certified by an Authorized Representative of the Institution and complying with the requirements of the Indenture, will be applied to pay the costs and expenses incurred in connection with the Initial Project and for no other purpose.

Completion of the Initial Project Facility *(Section 3.4)*

The Institution will proceed with due diligence to complete the Initial Project.

Completion by the Institution *(Section 3.5)*

In the event that the proceeds of the Bonds are not sufficient to pay in full all costs of undertaking the Initial Project, the Institution agrees, for the benefit of the Issuer, to complete the Initial Project and to pay all such sums as may be in excess of the moneys available therefor in the Project Fund.

Pledge and Assignment of the Issuer's Interests to the Trustee *(Section 4.5)*

Pursuant to the Pledge and Assignment, the Issuer will assign certain of its rights and interests under the Loan Agreement to the Trustee as security for the payment of the principal of, premium, if any, on and interest on the Bonds. The Institution will acknowledge and consent to such assignment by the Issuer to the Trustee and will agree to perform for the benefit of the Trustee all of its duties and undertakings under the Loan Agreement (except duties undertaken with respect to the Unassigned Rights).

Loan Payments and other Amounts Payable *(Section 5.1)*

Upon the terms and conditions of the Loan Agreement, the Issuer will make the Loan to the Institution. In consideration of and in repayment of the Loan, the Institution shall make, as Loan Payments, payments sufficient in amount to pay when due the Debt Service Payments due and payable on the Bonds.

The Institution shall pay as additional loan payments under the Loan Agreement any premium when due on the Bonds and the following:

(1) Within thirty (30) days after receipt of a demand therefor from the Trustee, the Bond Registrar or any Paying Agent, the Institution shall pay to the Trustee, the Bond Registrar or any Paying Agent, as the case may be, the following amounts: (a) the reasonable fees, costs and expenses of the Trustee, the Bond Registrar or Paying Agent for performing the obligations of the Trustee under the Indenture and the other Financing Documents; (b) the sum of the expenses of the Trustee, the Bond Registrar or Paying Agent reasonably incurred in performing the obligations of (i) the Institution under the Loan Agreement, or (ii) the Issuer under the Bonds, the Indenture or the Loan Agreement; and (c) the reasonable attorneys' fees of the Trustee, the Bond Registrar or Paying Agent incurred in connection with the foregoing and other moneys due the Trustee, the Bond Registrar or Paying Agent pursuant to the provisions of any of the Financing Documents.

(2) Within thirty (30) days after receipt of a demand therefor from the Issuer, the Institution shall pay to the Issuer the sum of the reasonable expenses (including, without limitation, reasonable attorney's fees and expenses) of the Issuer and the members, directors, officers, agents, servants and employees thereof incurred by reason of the Issuer's ownership, financing or sale of the Initial Project Facility, the issuance and delivery of any Bonds, the remarketing of any Bonds or in connection with the carrying out of the Issuer's duties and obligations under the Loan Agreement or any of the other Financing Documents, and any other fee or expense of the Issuer with respect to the Initial Project Facility, the Bonds or any of the other Financing Documents, the payment of which is not otherwise provided for under the Loan Agreement.

In the event the Institution fails to make any of the above payments for a period of more than ten (10) days from the date such payment is due, the Institution shall pay the same, together with interest thereon, at the Default Interest Rate, from the date on which such payment was due until the date on which such payment is made.

<u>Nature of Obligations of Institution under the Loan Agreement</u> *(Section 5.2)*

The obligations of the Institution under the Loan Agreement will be general obligations of the Institution and will be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment, counterclaim or abatement that the Institution may otherwise have against the Issuer or the Trustee. The Institution agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants contained in, the Loan Agreement, or terminate the Loan Agreement for any cause whatsoever.

<u>Prepayment of Loan Payments</u> *(Section 5.3)*

At any time that the Bonds are subject to redemption under the optional redemption provisions of the Indenture, the Institution may, at its option, prepay, in whole or in part, the loan payments payable under the Loan Agreement by causing there to be moneys in an amount equal to the Redemption Price of the Bonds being redeemed on deposit with the Trustee no more than sixty (60) days and no less than thirty (30) days prior to the date such moneys are to be applied to the redemption of such Bonds under the Indenture.

Maintenance and Modification of the Initial Project Facility *(Section 6.1)*

So long as any of the Bonds are Outstanding, and during the term of the Loan Agreement, the Institution will keep the Initial Project Facility in good condition and make all necessary repairs.

Taxes, Assessments and Utility Charges *(Section 6.2)*

The Institution will pay or cause to be paid all taxes, assessments, and utility charges associated with the Initial Project Facility.

Insurance Required *(Section 6.3)*

The Institution is required to maintain insurance to protect the interests of the Institution, the Issuer and the Trustee.

Damage, Destruction and Condemnation *(Section 7.1 and Section 7.2)*

In the case of damage to or the destruction or Condemnation of the Initial Project Facility, the Institution, but not the Issuer, will have an obligation to replace, repair, rebuild or restore the Initial Project Facility, using insurance or Condemnation proceeds for this purpose to the extent available, unless the Institution elects not to replace, repair, rebuild or restore the Initial Project Facility and to cause a defeasance of the Bonds in accordance with the Indenture and the Tax Documents. If the Institution opts to provide for the defeasance of the Bonds and if the Net Proceeds collected under any and all policies of insurance or of any Condemnation award are less than the amount necessary to defease the Bonds in full and pay any and all amounts payable under the Financing Documents to the Issuer and the Trustee, the Institution will be required to pay to the Trustee the difference between such amounts and the Net Proceeds of all insurance settlements and Condemnation awards so that all of the Bonds then Outstanding will be defeased and any and all amounts payable under the Financing Documents to the Issuer and the Trustee will be paid in full.

Assignment of the Loan Agreement *(Section 9.1)*

The Loan Agreement may not be assigned by the Institution, in whole or in part, without the prior written consent of the Issuer, the Trustee and any Credit Facility Issuer, if any, which consent will not be unreasonably withheld or delayed.

Events of Default Defined *(Section 10.1)*

Under the Loan Agreement, one or more of the following events will constitute an "Event of Default":

(1) A default by the Institution in the due and punctual payment of the amounts specified to be paid pursuant under the Loan Agreement.

(2) The Institution shall fail to deliver to the Trustee, or cause to be delivered on their behalf, the moneys needed (a) to redeem any outstanding Bonds in the manner and upon the date requested in writing by the Trustee as provided in Article III of the Indenture or (ii) to purchase any Bonds in the manner and upon the date as provided in Article III of the Indenture;

(3) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Institution in the Loan Agreement and the continuance

thereof for a period of thirty (30) days after written notice is given by the Issuer or the Trustee to the Institution (with a copy to the Trustee, if given by the Issuer), or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Institution to commence to cure within such thirty (30) day period and to thereafter prosecute the same with due diligence and, in any event, to cure such default within sixty (60) days after such written notice is given.

(4) The occurrence of an "Event of Default" under any of the other Financing Documents.

(5) Any representation or warranty made by the Institution in the Loan Agreement or in any other Financing Document proves to have been materially false at the time it was made.

(6) The Institution shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(7) Any sale, conveyance, lease agreement or any other change of ownership, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Issuer or the Institution (except pursuant to the Loan Agreement or a Permitted Encumbrance) of their respective interests in the Initial Project Facility or any part thereof, or the granting of any easements or restrictions or the permitting of any encroachments on the Initial Project Facility, except as permitted in the Loan Agreement or a Permitted Encumbrance.

(8) (a) The filing by the Institution (as debtor) of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy statute; (b) the failure by the Institution within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Institution's ability to carry out its obligations hereunder; (c) the commencement of a case under the Bankruptcy Code against the Institution as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Institution and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under the Bankruptcy Code or any other federal or state bankruptcy statute with respect to the debts of the Institution; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Institution, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment.

Notwithstanding the foregoing, if by reason of force majeure (as hereinafter defined) either party to the Loan Agreement shall be unable, in whole or in part, to carry out its obligations under the Loan Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee within a reasonable time after the occurrence of the event or cause relied upon, the obligations under the Loan Agreement of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this provision shall not be deemed an Event of Default under the Loan Agreement. Notwithstanding this provision, an event of force majeure shall not excuse, delay or in any way diminish certain obligations of the Institution to make certain payments, to obtain and continue in full force and effect certain insurance, to provide certain indemnity required by the Loan Agreement and to comply with certain other provisions of the Loan Agreement. The term "force majeure" as used herein shall include acts outside of the control of the Issuer and the Institution, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of any

Governmental Authority or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, and partial or entire failure of utilities. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

Remedies on Default *(Section 10.2)*

Whenever any Event of Default shall have occurred, the Issuer and/or the Trustee may, to the extent permitted by law, take any one or more of the following remedial steps:

(1) declare, by written notice to the Institution, to be immediately due and payable (a) all unpaid loan payments payable pursuant to the Loan Agreement and (b) all other payments due under the Loan Agreement or any of the other Financing Documents;

(2) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due under the Loan Agreement and to enforce the obligations, agreements or covenants of the Institution under the Loan Agreement; or

(3) exercise any remedies available pursuant to any of the other Financing Documents.

No Recourse; Special Obligation *(Section 11.10)*

The obligations and agreements of the Issuer contained in the Loan Agreement and in the other Financing Documents and any other instrument or document executed in connection therewith, and any other instrument or document supplemental thereto, will be deemed the obligations and agreements of the Issuer, and not of any member, officer, director, agent or employee of the Issuer in his individual capacity, and the members, officers, directors, agents and employees of the Issuer will not be liable personally on the Loan Agreement or such other documents or be subject to any personal liability or accountability based upon or in respect of the Loan Agreement or such other documents or of any transaction contemplated by the Loan Agreement or such other documents.

The obligations and agreements of the Issuer contained in the Loan Agreement or such other documents will not constitute or give rise to an obligation of the State of New York or of the City of Albany, New York, and neither the State of New York nor the City of Albany, New York will be liable hereon or thereon, and, further, such obligations and agreements will not constitute or give rise to a general obligation of the Issuer, but rather will constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the Loan Agreement (except for revenues derived by the Issuer with respect to the Unassigned Rights).

No order or decree of specific performance with respect to any of the obligations of the Issuer under the Loan Agreement will be sought or enforced against the Issuer unless (A) the party seeking such order or decree will first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days will have elapsed from the date of receipt of such request, and the Issuer will have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten days, will have failed to institute and diligently pursue action to cause compliance with such request within such ten day period) or failed to respond within such notice period, (B) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree will have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (C) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents or employees will be subject to potential liability, the party seeking such order or decree (1) agrees to indemnify and hold harmless the Issuer and its members, officers, agents and employees against any liability incurred as a result of its compliance with such demand, and (2) if requested by the Issuer, furnishes to the Issuer satisfactory security to protect the Issuer and its members, officers, agents and employees against all liability expected to be incurred as a result of compliance with such request. Any failure to provide the indemnity and/or security required in this paragraph shall not affect the full force and effect of an Event of Default under the Loan Agreement.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the issuance of the Series 2014A Bonds, the Institution will execute and deliver a Continuing Disclosure Agreement in substantially the form as this Appendix.

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of October 1, 2014 and is executed and delivered by Albany College of Pharmacy and Health Sciences (the "Borrower") in connection with the issuance of [$________] City of Albany Capital Resource Corporation Tax-Exempt Revenue Refunding Bonds (Albany College of Pharmacy Project), Series 2014A (the "Bonds"). The Bonds are being issued pursuant to an Trust Indenture, dated as of October 1, 2014 (the "Indenture"), between the City of Albany Capital Resource Corporation (the "Issuer") and Regions Bank, as Trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of October 1, 2014, between the Issuer and the Borrower (the "Loan Agreement"). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the Borrower covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Bondholders and the beneficial owners of the Bonds, and in order to assist the Participating Underwriter (as hereinafter defined) in complying with the Rule (as hereinafter defined). The Borrower acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder (as hereinafter defined) of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and in the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or above, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean the Chief Financial Officer of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean any Dissemination Agent, which is designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Borrower, commencing for the fiscal year ended June 30, 2015, shall, or shall cause the Dissemination Agent to, not later than December 1 of each year (or in the event of a change in the Borrower's fiscal year from the present July 1 to June 30 fiscal year, within 120 days after the end of such fiscal year), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to said date (except that in the event the Borrower elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the Borrower to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the Borrower has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements of the Borrower shall be submitted as soon as practicable after the audited financial statements become available. The Borrower shall promptly notify the Dissemination Agent of any change in the Borrower's fiscal year.

(b) If by 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a reminder notice to the Borrower and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the Borrower and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Borrower has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Reports. The Borrower's Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements (including footnotes) of the Borrower, which financial statements may be individual, combined or consolidated, prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, consistently applied unless otherwise explained in footnotes to the financial statements provided, consisting of:

(i) balance sheet as of the close of the most recent fiscal year of the Borrower (with comparative totals for the immediately preceding fiscal year);

(ii) statement of activity for the most recent fiscal year of the Borrower (with comparative totals for the immediately preceding fiscal year); and

(iii) statement of cash flows for the most recent fiscal year of the Borrower (with comparative totals for the immediately preceding fiscal year); and

(b) operating data of the Borrower for such preceding fiscal year, prepared from the records of the Borrower, regarding, without limitation, financial and operating data of the type included in the final Official Statement for the Bonds concerning the Borrower, which shall include annual or year-end information for the Borrower as described in "Appendix A" of such final Official Statement including but not limited to the information set forth under the following headings:

"Admissions and Student Enrollment", "Enrollment", "Student Quality", "Tuition and Fees", "Student Financial Aid", "Endowment", "Cash and Investments", "Litigation", and "Fund Raising Activities."

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Borrower and the financial and operating condition of the Borrower; provided, however, that the references above to specific section headings of Appendix A of the final Official Statement used in connection with the Bonds as a means of identification shall not prevent the Borrower from reorganizing such material in subsequent official statements or Annual Reports.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a) above, the original Official Statement for the Bonds, or other official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been (i) made available to the public on the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The Borrower shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB in a timely manner not later than ten (10) Business Days after the occurrence of any such Listed Event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Reserved;

(4) Reserved;

(5) Reserved;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to the rights of the Bondowners, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Borrower (or any other obligated person, as defined in the Rule);

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower (or any other obligated person, as defined in the Rule) in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Borrower (or any other obligated person, as defined in the Rule), or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower (or any other obligated person, as defined in the Rule);

(13) The consummation of a merger, consolidation, or acquisition involving the Borrower (or any other obligated person, as defined in the Rule) or the sale of all or substantially all of the assets of the Borrower (or any other obligated person, as defined in the Rule), other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional Trustee or the change of the name of the Trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence or possible occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13) or (14) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Borrower to be material, the Borrower shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Borrower elects to have the Dissemination Agent file notice of any Listed Event, the Borrower will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

(a) The Borrower's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower. The original Borrower shall have no further responsibility hereunder only to the extent that the Borrower ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

(b) In addition, the Borrower's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the Borrower delivers to the Dissemination Agent and the Trustee an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee, to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the Borrower's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Trustee (if other than the Dissemination Agent), and (iii) TD Securities (USA) LLC, as the Participating Underwriter. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 7. Dissemination Agent.

(a) The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Borrower and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Borrower or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Borrower shall forthwith appoint a Dissemination Agent to act. The Borrower shall give or cause to be given written notice of any such appointment to the registered Owners of the Bonds, the Trustee (if the Trustee is not the Dissemination Agent), and the Issuer.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Borrower or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Borrower shall have delivered an opinion of counsel, addressed to the Borrower, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Borrower shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel, or a determination by a person, in each case unaffiliated with the Borrower (such as bond counsel) and acceptable to the Borrower, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Borrower shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent Regions

Bank from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in related to the Bonds.

SECTION 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the Borrower to give the Borrower opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Loan Agreement, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Borrower in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Borrower. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) Unless otherwise provided by contract with the Dissemination Agent, the Borrower shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Borrower in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Borrower shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Borrower under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

(c) In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 12. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Loan Agreement or the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of New York, and by applicable federal laws.

Dated as of October 1, 2014

BORROWER:

ALBANY COLLEGE OF PHARMACY AND HEALTH SCIENCES

By: ______________________________
Michele D. Vien, Vice President of Finance and CFO

EXHIBIT A

To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Bond Issue: [$_________] City of Albany Capital Resource Corporation Tax-Exempt Revenue Refunding Bonds (Albany College of Pharmacy College Project), Series 2014A

Name of Borrower: Albany College of Pharmacy and Health Sciences

Date of Issuance: October ___, 2014

NOTICE IS HEREBY GIVEN that Albany College of Pharmacy and Health Sciences (the "Borrower") has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed by the Borrower, dated as of October 1, 2014. The Borrower has informed ___________ (the "Dissemination Agent") that the Annual Report will be filed with the Dissemination Agent by _______________.

Dated:____________________

____
,as Dissemination Agent

By:_________________________________
Name:
Title:

cc: Borrower

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APPENDIX G

FORM OF BOND COUNSEL OPINION

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APPENDIX G

FORM OF BOND COUNSEL OPINION

October __, 2014

City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207

Re: City of Albany Capital Resource Corporation
Tax-Exempt Revenue Refunding Bonds
(Albany College of Pharmacy and Health Sciences Project), Series 2014A
in the aggregate principal amount of $______________

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance on the date hereof of the Tax-Exempt Revenue Bonds (Albany College of Pharmacy and Health Sciences Project), Series 2014A in the aggregate principal amount of $____________ (the "Bonds") by City of Albany Capital Resource Corporation (the "Issuer"), (a public instrumentality of the City of Albany, New York), a New York not-for-profit corporation, created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the "Enabling Act").

The Bonds are being issued under and pursuant to a bond resolution adopted by the members of the Issuer on September 18, 2014 and a trust indenture dated as of October 1, 2014 (the "Indenture") by and between the Issuer and Regions Bank, as trustee (the "Trustee"), in connection with a project (the "Project") to be undertaken by the Issuer for the benefit of Albany College of Pharmacy and Health Sciences (the "Institution") consisting of: (A) the refinancing, in whole, of the following outstanding revenue bonds issued by the City of Albany Industrial Development Agency (the "Agency"): (1) Civic Facility Revenue Bonds (Albany College of Pharmacy Project), Series 2004A in the original aggregate principal amount of $14,000,000 (the "Series 2004A Bonds"), and (2) Civic Facility Revenue Bonds (Albany College of Pharmacy Project) in the original aggregate principal amount of $8,000,000 (the "Series 2004B Bonds", and collectively with the Series 2004A Bonds, the "Series 2004 Bonds"), which Series 2004 Bonds were issued to finance the following project (the "Series 2004 Project"): (i)(a) the acquisition of a sub-leasehold interest in and to construct and equip a Student Center facility consisting of up to 58,000 square feet (the "Student Center"), to include lecture halls, offices, conference space, a dining facility and campus bookstore, on an approximately 22,500 square foot parcel located on De LaSalle Road, Albany, New York; (b) the acquisition of a leasehold interest in an approximately 5.5 acre parcel of real property located at 5 Samaritan Drive, Albany, New York and the improvements located thereon (the "Nelson House") which will provide additional student housing for the institution; (c) to refund the approximately $6,165,000 outstanding balance of the Agency's Civic Facility Revenue Bonds (The University Heights Association, Inc. – Albany College of Pharmacy Project), Series 1999B (the "Series 1999B Bonds") used to finance the acquisition of a leasehold interest in and improvements to the Institution's Classroom Building located at De LaSalle Road, Albany, New York (the "Classroom Building"); (d) to refund the approximately $3,190,000 outstanding balance of the Agency's Civic Facility Revenue Bonds, Series 2000A (Albany College of Pharmacy Project) (the "Series 2000A Bonds") and acquire a leasehold interest in the improved real property located at One Notre Dame Drive, Albany, New York used by the Institution as a student dormitory (the "Dormitory"); (e) to acquire a leasehold interest in an approximately one acre parcel located at 9 Samaritan Drive, Albany, New York, and the approximately 18,000 square foot building thereon (the "PRI Labs"), for use by the Institution for pharmaceutical research and related office space; and (f) to acquire and reconstruct certain interior renovations and improvements to the Classroom Building and to the O'Brien, Blythe and Wardell Buildings (collectively with the Classroom Building, the "Campus Buildings") located on the Institution's campus (the "Campus") at 106 New Scotland Avenue, Albany, New York (the real property listed in (i)(a) through (f) above is hereinafter referred to collectively as the "Land"); the improvements existing on the Land and to be constructed on the Land are hereinafter referred to collectively as the "Facility"); the associated furniture, fixtures, machinery and equipment located or to be located on the Land and the Facility are hereinafter referred to collectively as the "Equipment"; and the Land, the Facility and the Equipment are hereinafter referred to collectively as the "Initial Project Facility"); (ii) to fund a debt service reserve fund for the benefit of the Owners of the Series 2004A Bonds; (iii) to pay costs incidental to the financing of all of the foregoing; (iv) to finance all or a portion of the costs of the foregoing up to $22,000,000 by the issuance of the Agency's Series 2004 Bonds; and (v) to grant certain other financial assistance in the form of exemption from mortgage recording tax (collectively with the Series 2004 Bonds, the "Financial Assistance"); (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Bonds; and (C) paying a portion of the costs incidental to the issuance of the Bonds, including issuance costs of the Bonds and any reserve funds as may be necessary to secure the Bonds. The Issuer will make a loan to the Institution of the proceeds of the Bonds (the "Loan") for the purpose of assisting in financing the Project, and document the Loan by entering into a loan agreement dated as of October 1, 2014 (the "Loan Agreement") between the Issuer, as lender, and the Institution, as borrower.

The Bonds are dated the date hereof, are issued as fully registered bonds without coupons and mature and bear interest at the rates set forth therein. The Bonds are (A) subject to redemption prior to maturity, and (B) acceleration prior to maturity, all as set forth in the Indenture and in the Bonds.

The principal of, redemption premium, if any, and interest on the Bonds are payable from loan payments to be made by the Institution under the Loan Agreement.

As additional security for the Bonds, the Issuer has executed and delivered to the Trustee a pledge and assignment dated as of October 1, 2014 (the "Pledge and Assignment") which assigns to the Trustee certain of the Issuer's rights under the Loan Agreement.

As further security for the Bonds, the Institution will execute and deliver to the Issuer a mortgage and security agreement dated as of October 1, 2014 (the "Mortgage") from the Institution to the Issuer, which Mortgage, among other things, grants to the Issuer a mortgage lien on, and a security interest in, among other things, the Mortgaged Property (as defined in the Indenture). The Issuer will execute and deliver to the Trustee an assignment of mortgage dated as of October 1, 2014 (the "Mortgage Assignment") from the Issuer to the Trustee, pursuant to which the Issuer will assign the Mortgage to the Trustee.

We have examined a specimen Bond and executed counterparts of the Indenture, the Loan Agreement, the Mortgage Assignment, and the Pledge and Assignment (collectively, the "Issuer Documents") and a certain tax regulatory agreement dated the date hereof from the Institution to the Trustee and the Issuer (the "Tax Regulatory Agreement") and such certified proceedings and such other documents as we deemed necessary to render this opinion.

You have received an opinion of even date herewith of Gerlad Katzman, Esq., counsel to the Institution, upon which you are relying as to the validity and enforceability of the Loan Agreement, the Mortgage and the Tax Regulatory Agreement as they relate to the Institution. No opinion as to such matters is expressed herein.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Issuer were duly executed and delivered by said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

In rendering the opinions expressed in paragraphs (D) and (E) below, we note that the exclusion of the interest on the Bonds from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 145, 147, 148 and 149 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (collectively, the "Tax Requirements"). In our opinion, the Tax Regulatory Agreement and the other Financing Documents (as defined in the Indenture) establish requirements and procedures, compliance with which will satisfy the Tax Requirements. It should be noted, however, that compliance with certain Tax Requirements necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds may necessitate the taking of action, or refraining to take action, by persons not within the control of the Issuer or the Institution.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained herein, we are of the opinion, as of the date hereof and under existing law, as follows:

(A) The Issuer was duly created and validly exists as a corporate governmental agency constituting a public benefit corporation of the State of New York with the corporate power to enter into and perform its obligations under the Issuer Documents and to issue the Bonds.

(B) The Issuer Documents have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as specified below.

(C) The Bonds have been duly authorized, executed and delivered by the Issuer and, assuming due authentication thereof by the Trustee, are valid and binding special obligations of the Issuer payable with respect to the Issuer solely from the revenues derived by the Issuer from the revenues derived from the Loan Agreement.

(D) The interest on the Bonds is excludable from gross income for federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code; provided, however, that (a) the Institution or another Person, by failing to comply with the Tax Requirements, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof, and (b) interest on the Bonds is included in determining (i) the tax base for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code, and the branch profits tax imposed on foreign corporations doing business in the United States under Section 884 of the Code, (ii) passive investment income for purposes of computing the tax on net passive income imposed on certain subchapter S corporations under Section 1375 of the Code, and (iii) the modified adjusted gross income of a taxpayer for purposes of computing the portion of Social Security or Railroad Retirement benefits included in gross income under Section 86 of the Code.

(E) The Bonds do not constitute "arbitrage bonds", within the meaning of Section 148 of the Code, except as specified below.

(F) So long as interest on the Bonds is excluded from gross income for federal income tax purposes, the interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

(G) The Bonds do not constitute a debt of the State of New York, or the City of Albany, New York, and neither the State of New York nor the City of Albany, New York is liable thereon.

We call your attention to the fact that the Institution or another person, by failing to comply with the Tax Requirements as set forth in the Code and the Tax Regulatory Agreement, may cause interest on the Bonds to become subject to federal income taxation from the date hereof. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy, and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

We express no opinion with respect to (A) title to all or any portion of the Initial Project Facility, (B) the priority of any liens, charges, security interests or encumbrances affecting the Project Facility or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to the Project Facility or the priority of any such lien, charge, security interest or encumbrance), (C) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or requirements for the physical commencement and continuance of the construction, reconstruction, installation, occupancy or operation of the Project Facility or with respect to the requirements of filing or recording of any of the Financing Documents, or (D) the laws of any jurisdiction other than the State of New York and other than the securities and the tax laws of the United States of America.

No opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Bonds.

Very truly yours,

CITY OF ALBANY CAPITAL RESOURCE CORPORATION • TAX-EXEMPT REVENUE REFUNDING BONDS (ALBANY COLLEGE OF PHARMACY PROJECT), SERIES 2014A

EST. 1881

Albany College of Pharmacy

AND HEALTH SCIENCES

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