

# Stony Brook University

## Annual Financial Report | 2008-2009







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## Stony Brook University: Building on Strength

**S**TONY BROOK'S METEORIC RISE TO AN ACCLAIMED RESEARCH UNIVERSITY from a small teachers' college has put us in a strong position, even in this difficult economic climate, to advance even further up the ranks of the world's foremost universities.

During the past 14 years, under the stewardship of Shirley Strum Kenny, who retired as Stony Brook president in June 2009, the University has gained unprecedented recognition. It has repeatedly been cited for excellence as evidenced by its admission into the Association of American Universities, the elite invitation-only organization of the top 62 research universities in North America. Again this year, the University has been ranked among the top 1 percent of universities worldwide by the London *Times Higher Education*—*QS World University Rankings*.

Stony Brook also has experienced an impressive surge in applications and enrollment, with major increases in SAT scores and grade point averages. The School of Journalism is gaining national acclaim for its innovative News Literacy Center. The Southampton campus has made news with the first and only LEED (Leadership in Energy and Environmental Design)-certified library on Long Island. It has also added three majors to its sustainability curriculum: Ecosystems and Human Impact; Environmental Design, Policy, and Planning; and Sustainability Studies.

Stony Brook remains a crucial and irreplaceable asset to the Long Island economy. As Long Island's largest single-site employer, it provides nearly 15,000 men and women with full- or part-time jobs. The University's total economic impact on the region is more than \$4.7 billion, or nearly 4 percent of all economic activity in Nassau and Suffolk counties.

Under the leadership of our new president, Samuel L. Stanley, Jr., M.D., Stony Brook University will leverage our strengths in research, education, and economic development to improve our already strong position among major academic institutions. We will continue to recruit outstanding students and provide them with the tools they need to become tomorrow's leaders. Our extraordinary faculty will have even greater opportunities to conduct cutting-edge research and bring new knowledge and life-changing discoveries to the world. And our new Research and Development Park will create the scientific and technological breakthroughs that will define the new century.

### CEWIT: First Center Opens in New Research and Development Park

The new 100,000-square-foot Center of Excellence in Wireless and Information Technology (CEWIT) is the first building to be completed in Stony Brook's Research and Development Park. With more than 70 associated faculty members, 190 Ph.D. students, and 180 master's students engaged in research and development, CEWIT is a next-generation research and educational facility. Though CEWIT projects cover a broad spectrum of wireless and information technologies, four areas will receive particular emphasis: health care systems, transportation and logistics, financial services,

*The Center of Excellence in Wireless and Information Technology (CEWIT) was the first building to open in Stony Brook University's Research and Development Park.*



The London *Times Higher Education*—*QS World University Rankings* placed Stony Brook University in the top 1 percent of all universities worldwide.



Stony Brook was one of ten universities given a National Science Foundation award for integrating research and science.



Students in our School of Journalism—the only public undergraduate journalism school in New York—digitally edit news stories in a bi-level Newsroom of the Future.

Stony Brook University is one of just 62 members of the invitation-only Association of American Universities.



and mobile commerce systems. Other research areas include homeland security applications, high-speed computing, cybersecurity, radio and digital communications, and 3-D visualization.

The Center's vision is fourfold: to become recognized as a world leader in wireless and information technology; to conduct first-class interdisciplinary research in the emerging, critical technologies of the Information Age; to address the skilled technology worker shortage; and to foster new enterprise development. The Center has obtained more than 12 patents in just the past two years. CEWIT is an unparalleled resource, advancing the science and technology underlying the next epoch of the information revolution.

## Capital Campaign Total Exceeds \$360 Million

Stony Brook University has received gifts and pledges totaling more than \$360 million in its first-ever capital campaign, "The Emergence of Stony Brook." The seven-year campaign, with an original goal of \$300 million, is the largest ever of any campus of the State University of New York (SUNY) system.

The campaign received more than 237,000 gifts from more than 57,000 donors. Further, the campaign has added more than \$71 million in new gifts to the endowment of the Stony Brook Foundation, the separately governed 501(c)(3) charitable foundation that accepts and manages private gifts and grants for the University's benefit. Most gifts have been designated by the donor for a particular purpose, such as scholarships or research.

Donors to the campaign have set several new records for Stony Brook and for SUNY. James and Marilyn Simons and the Simons Foundation have become the first \$100 million donor. A new pledge of \$17 million augments a \$60 million commitment announced last year to construct and endow the new Simons Center for Geometry and Physics. The latest pledge, combined with earlier gifts, brings their total giving to more than \$106 million.

The campaign also was buoyed by a \$10 million gift from Henry and Marsha Laufer, both former faculty members. The majority of the gift, \$8 million, will be used to establish a new interdisciplinary research center bringing together experts in such fields as math, genetics, biochemistry, engineering, and computer sciences to achieve breakthroughs in biomedical research and health care. In addition to endowing the Louis and Beatrice Laufer Center for Computational Biology and Genome Sciences, named for Henry Laufer's parents, the gift will fund three endowed faculty positions, including two endowed professorships and an endowed chair, which will be held by the Center's director. The remaining \$2 million was designated to support programming at the University's Staller Center for the Arts and scholarships in the School of Health Technology and Management.

## Simons Center for Geometry and Physics: Breaking New Ground

Last May was the official groundbreaking of the Simons Center for Geometry and Physics. The Center was started in 2007 by a gift from the Simons Foundation. This gift includes a new building for the Center, scheduled to be completed in September 2010. The building will be contiguous to and have direct connections to the Physics Building



*U.S. News & World Report* named 13 graduate programs at Stony Brook among the top 50 in the nation.

It also cited the University eight times in its 2009 rankings of "America's Best Graduate Schools."



*The Wall Street Journal* ranked Stony Brook eighth among public universities for students going on to elite graduate programs in medicine, law, and business.



SB grads earn more: We're No. 24 on a list of public colleges with top-earning graduates by *Payscale.com*.



and the Mathematics Tower, the latter housing the Department of Mathematics, the Institute for Mathematical Sciences, and the C.N. Yang Institute for Theoretical Physics. The Simons Foundation gift also provides an endowment to support the continuing operations of the Center.

At full strength, the Center will have a faculty consisting of a director and six permanent members. As currently envisioned, the Center will have 12 three-year postdoctoral-type positions, called research assistant professorships, as well as a robust visitors' program with roughly 18 visitors in residence at any time. In addition, each year the Center will host several workshops, which are concentrated activities in a specific area for shorter periods of time with outside invitees and speakers, as well as other special lectures and events.

As the name indicates, the intellectual focus of the Center is at the interface of mathematics, in particular, geometry and theoretical physics. The close proximity of the Center building to the Physics Building and the Mathematics Tower is symbolic of the close intellectual and programmatic relationship of the Center to the Department of Mathematics and C.N. Yang Institute for Theoretical Physics. The Center's activities will be coordinated with the activities in the other two units, and the Center's programs will typically involve significant participation by their faculty and students.

## Stony Brook University Medical Center Major Modernization Project

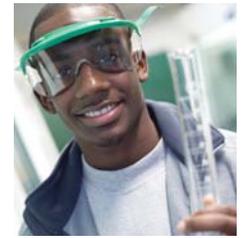
The Major Modernization Project ensures that Stony Brook will continue to be a respected health care leader by providing access to the latest medical developments and technology, as well as offering the greatest comfort and convenience for the region's growing population. It is the first such renovation of the 28-year-old facility.

The project entails 154,000 square feet of new construction and 48,000 square feet of renovation. It includes a new wing, which houses the Women and Children's Center, an expanded Emergency Department, and a state-of-the-art surgical suite with an operating room pharmacy. Many of the changes have been made to accommodate advanced surgical technologies and increased volumes, while other changes have been made to optimize the overall patient and visitor experience.

An important consideration in the design of the modernization project has been to create facilities and services that address the needs of a growing patient population and offer the newest technology and medical equipment to the community. To that end, ten operating room suites were added in the Surgical Services area, bringing the total number of hospital operating rooms to 24. The new rooms are situated adjacent to the Emergency Department and on the same floor as the Imaging Department, which is essential for treating trauma patients, and increases patient care efficiency across the board.

The new Women and Children's Center comprises a 12-bed unit for high-risk obstetrical patients, a 36-bed postpartum unit, and two newborn nurseries. By 2010 new labor and delivery suites will open and the Neonatal Intensive Care Unit (NICU) will relocate from its present location to the new Women and Children's Center.

*Stony Brook University Medical Center's expansion includes new surgical and emergency medicine facilities and a new Women and Children's Center.*



**Our Medical Center, the site of Long Island's only School of Medicine, is also home to Suffolk County's only tertiary care center, serving the health care needs of Long Island residents.**



**The General Clinical Research Center conducts clinical trials and provides ongoing education for participants, the community, Health Sciences Center students, and staff.**



***New York* magazine named 18 Stony Brook University Medical Center physicians "Best Doctors in New York" for 2009.**



## LETTER TO THE PRESIDENT

February 5, 2010

President Samuel L. Stanley, Jr., M.D.  
State University of New York at Stony Brook  
Administration Building, Room 310  
Stony Brook, NY 11794-1701

Dear Dr. Stanley:

The accompanying financial statements prepared from the accounting records of Stony Brook University (hereafter referred to as the University) set forth the financial condition of the University at June 30, 2009, including the results of its operations for the fiscal year. Notes to the financial statements should be considered an integral part of the statements and the report as a whole. Prior-year data is provided to allow comparisons with the previous reporting period.

Stony Brook University's financial statements are consolidated in the annual financial report of the State University of New York (hereafter referred to as SUNY) as a component unit. Effective June 30, 2007, the University adopted a financial statement format consistent with SUNY's audited financial statements to comply with GASB and FASB pronouncements. The accompanying financial statements, to the extent possible, fairly represent the University's component information as provided by SUNY.

The financial information included in this report incorporates the major operations of the University, including the separate entities of the State University of New York, the Research Foundation of the State University of New York, and the Faculty Student Association. The financial statements of the Stony Brook Foundation, a separate 501(c)(3) corporation, are presented on pages 18 and 19. The financial operations of the Clinical Practice Management Plan are not included in this report. The annual report has been prepared in accordance with accounting principles recommended by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers to the degree practical.

Sincerely,

A handwritten signature in black ink that reads "Karol Kain Gray". The signature is written in a cursive style with a large, looping "y" at the end.

Karol Kain Gray  
Vice President for Finance and Administration

## FINANCIAL HIGHLIGHTS

### Stony Brook University at a Glance

Stony Brook University, one of 64 campuses that constitute the State University of New York, was established in 1957 as a college for the preparation of secondary school teachers of mathematics and science. Since its founding, the University has grown tremendously and is now recognized as one of the nation's important centers of learning and scholarship. Stony Brook University has received high rankings both nationally and internationally as cited by the following publication and institutions: The London *Times* — *QS World University Rankings*, Shanghai Higher Education Institute, *U.S. News & World Report*, and the *Wall Street Journal*. With our growth in education, research, medicine, technology, and in the community, it's easy to see why *The New York Times* calls Stony Brook one of the nation's most dramatic rising stars.

The University offers more than 150 majors and minors, 91 master's degree programs, 45 doctoral programs, and 38 graduate certificate programs. The University also offers more than 30 combined bachelor's and master's degree programs. Professional degrees are offered in medicine, dental medicine, nursing practice, and physical therapy.

<b>Fiscal 2009 Revenues</b>	<b>\$1.75 Billion</b>	<b>Research Awards</b>	<b>\$171.5 Million</b>
<b>Fiscal 2009 Expenditures</b>	<b>\$1.82 Billion</b>	<b>Foundation Revenue</b>	<b>\$63.9 Million</b>

#### **Total Revenue** *(in millions)*

Tuition and Fees	\$117.5
State Appropriations	488.5
Federal Grants	131.1
State Grants	15.0
Local and Private Grants	42.0
Auxiliary Services	98.4
Hospital	802.1
Operating	20.5
Nonoperating	30.5

#### **Research Awards** *(in millions)*

Federal	\$124.9
Philanthropic (Private)	16.0
State and Local	26.5
Other	4.1

#### **Foundation** *(in millions)*

Net Assets-Endowment	\$95.5
Total Net Assets	203.5
Endowment Rate of Return	-17.6%

## Economic Impact

Stony Brook University is vital to the economy of the Long Island region. It is Long Island's largest single-site employer, providing jobs to more than 14,000 employees. As Long Island's only public research university, the University produces the educated workforce that drives the area's high-tech economy. In fact, according to a report released by the Center for Regional Policy Studies, the University's impact on the Long Island economy amounts to \$4.7 billion in increased output, or gross regional domestic product, and nearly 60,000 jobs.

### Employment

Total Employees (full and part time)	14,944
Academic	4,017
Non-Academic	4,984
Hospital	5,943
Average Monthly Payroll	\$68.0 million

### Tuition & Fees *(Fall 2009)*

Undergraduate NYS	\$ 7,520
Undergraduate Nonresident	15,420
Graduate NYS	10,334
Graduate Nonresident	15,214
Medical NYS	26,664
Medical Nonresident	44,504

### Student Enrollment *(Fall 2009)*

Total Student Enrollment	24,692
<i>Undergraduate</i>	
Total Undergraduate Students	16,395
West Campus	15,298
HSC Campus	1,097
Average High School GPA	91
Average SAT Score	1,220
<i>Graduate and Advanced Degrees</i>	
Total Graduate Students	8,297
West Campus	6,030
HSC Campus	2,267

### Undergraduate Major Fields of Study

Social Sciences	4,160
Engineering and Applied Sciences	1,797
Biological Science	2,685
Humanities and Fine Arts	1,649
Physical Science and Mathematics	924
Health Sciences, Technology and Management	1,251
Nursing	427
Marine, Oceanic, and Atmospheric Science	620
Social Welfare	91
Business	1,291
Special/Undeclared	2,521

## Other Facts

- Stony Brook's School of Dental Medicine was awarded a \$3.17 million grant from NY DOH Health Care Efficiency and Affordability Law for New Yorkers Grant Program (HEAL NY) which will result in increased access to primary oral health care services for underserved populations on Long Island.
- In March 2009, the University broke ground on the High-Tech Rehabilitation Research Laboratory, the first facility of its kind on Long Island, to treat individuals with physical and cognitive disabilities.
- The Stony Brook University School of Medicine received the 2008 "Leadership in Literacy" award from Literacy Suffolk, Inc. for its continued support and ongoing programs in health literacy.
- Stony Brook University Medical Center received the highest approval rating from the American College of Surgeons Commission on Cancer for a Teaching Hospital Cancer Program. The three-year Approval with Commendation was the result of a December 2008 on-site inspection and professional review of the cancer program that incorporates clinical and research excellence with academic training and community outreach.
- Stony Brook students have volunteered more than 40,000 hours this year to local and national community organizations.

## FINANCIAL HIGHLIGHTS

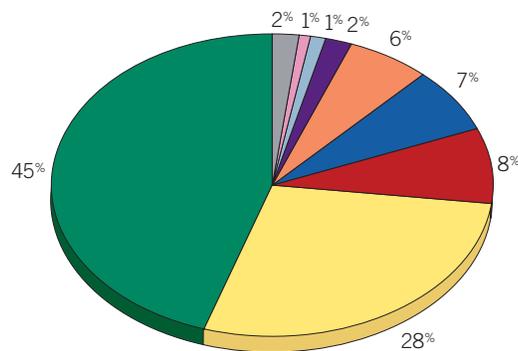
### Revenue Results

Total revenues reported for 2009 were \$1,745,657,523, an increase from 2008 revenues of \$90 million, which is attributable to the following net results:

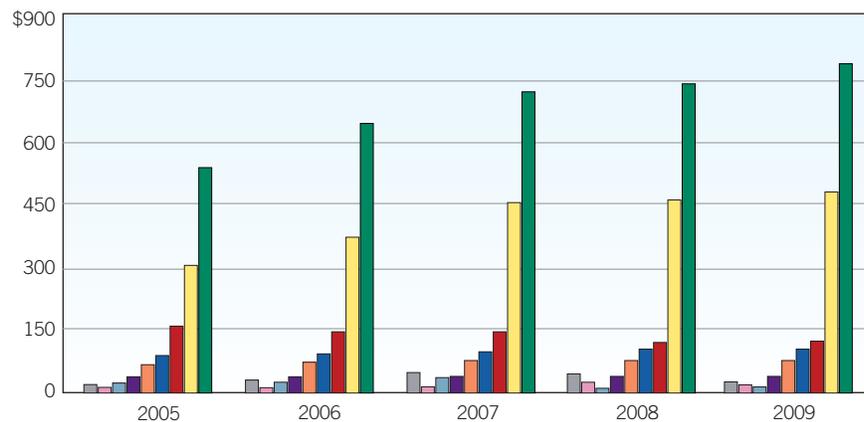
- ▶ Hospital revenues increased by \$62 million.
- ▶ State appropriations increased by \$26 million.
- ▶ Tuition and fees and auxiliary enterprise revenues exceeded 2008 earnings by \$19 million.
- ▶ Federal, state, local, and private grants and contracts exceeded 2008 revenues by \$6 million.
- ▶ Capital and other investment revenues declined by \$23 million.

The accompanying graphs depict results as a percentage of current-year revenues and over a five-year trend.

### 2009 Revenues



### Revenues in Actual Dollars *(in millions)*



	2005	2006	2007	2008	2009
Capital Gifts, Investments, & Other	\$20,035,981	\$32,708,979	\$50,052,797	\$53,255,451	\$30,489,358
Other Revenue	14,941,720	12,573,855	14,201,700	21,092,477	20,497,124
State Grants and Contracts	24,462,809	26,204,889	37,764,237	8,632,485	14,963,976
Local & Private Grants & Contracts	39,109,606	39,184,281	40,583,985	43,698,627	41,961,666
Total Auxiliary Enterprises	68,166,506	74,237,545	78,131,947	89,308,775	98,426,016
Tuition & Fees	90,315,664	94,233,123	99,504,252	107,684,274	117,510,194
Federal Grants and Contracts	151,119,570	147,916,323	147,381,212	129,278,710	131,135,562
State Appropriations	300,104,220	374,890,340	457,298,911	462,596,126	488,541,209
Hospital and Clinics	541,858,006	647,003,475	723,389,839	739,835,861	802,132,418

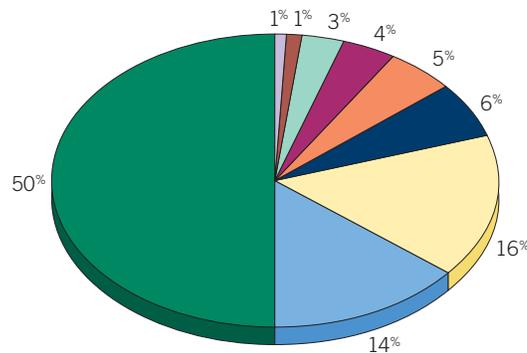
## Expenditure Results

Expenditures reported for 2009 were \$1,823,787,442, which was a \$109 million increase from 2008 as a result of:

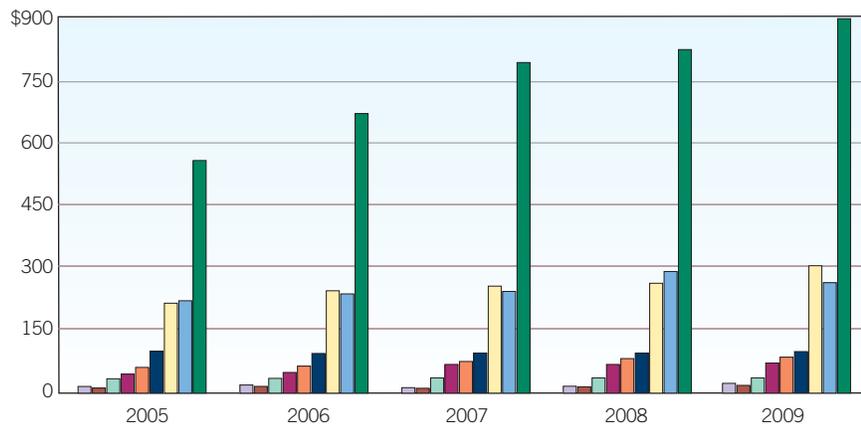
- ▀ Support services, which include academic support, student services, administrative, and institutional expenses, were \$29 million less than 2008 expenditures.
- ▀ Hospital and clinic expenditures increased by \$94 million, a 12 percent increase from 2008.
- ▀ Instruction and education expenditures were \$23 million in excess of 2008.
- ▀ Auxiliary services exceeded 2008 expenditures by \$7 million.
- ▀ Depreciation expenses associated with capital assets increased by \$5 million.
- ▀ Research expenditures were \$5 million greater than 2008 expenses.
- ▀ Other operating and nonoperating expenditures increased by \$4 million.

The accompanying graphs depict results as a percentage of current-year expenditures and over a five-year trend.

## 2009 Expenditures



## Expenditures in Actual Dollars (in millions)



	2005	2006	2007	2008	2009
Public Service	\$12,449,803	\$16,385,209	\$15,942,266	\$17,962,163	\$21,331,555
Scholarships and Fellowships	9,870,403	9,729,445	13,015,421	13,057,477	14,851,029
Nonoperating	34,699,877	35,325,593	36,975,835	47,734,087	47,185,611
Depreciation Expense	45,208,570	49,977,555	68,846,789	72,392,368	77,025,976
Total Auxiliary Enterprises	61,491,011	64,748,807	75,367,971	92,596,325	99,215,943
Research	99,162,580	94,600,885	95,229,591	96,307,112	101,958,550
Instruction	212,783,260	235,015,404	273,373,202	277,869,390	300,623,855
Support Services	213,527,658	222,039,822	250,962,785	292,176,604	263,158,373
Hospital and Clinics	551,215,257	662,805,565	783,512,836	804,788,005	898,436,550

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2009	2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$215,107,897	\$250,157,509
Short-term investments	51,927,404	49,349,015
Accounts, notes, and loans receivable, net	270,398,287	205,034,194
Interest receivable	62,492	387,511
Appropriations receivable	58,029,454	63,428,717
Grants receivable	30,560,916	30,573,423
Inventories	6,979,118	5,856,682
Other assets	4,999,940	6,322,330
<b>Total current assets</b>	<b>638,065,508</b>	<b>611,109,381</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	8,797,652	30,071,396
Deposits with trustees	78,559,114	73,833,617
Accounts, notes, and loans receivable, net	5,815,082	5,685,508
Appropriations receivable	52,660,298	42,565,535
Deferred financing costs	9,461,735	9,531,542
Long-term investments	33,353,810	70,731,800
Capital assets, net	1,143,164,324	1,032,258,543
<b>Total noncurrent assets</b>	<b>1,331,812,015</b>	<b>1,264,677,941</b>
<b>TOTAL ASSETS</b>	<b>1,969,877,523</b>	<b>1,875,787,322</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	163,579,625	142,312,168
Interest payable	6,750,661	12,411,776
Student deposits	2,230,434	2,196,549
Deposits held in custody for others	2,362,576	2,682,912
Deferred revenue	29,608,676	29,113,732
Long-term liabilities-current portion	114,413,896	111,661,623
Other liabilities	4,714,998	8,268,955
<b>Total current liabilities</b>	<b>323,660,866</b>	<b>308,647,715</b>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	1,236,594,306	1,083,968,258
Refundable government loan funds	6,918,085	6,883,363
Other liabilities	5,883,113	1,336,914
<b>Total noncurrent liabilities</b>	<b>1,249,395,504</b>	<b>1,092,188,535</b>
<b>Total liabilities</b>	<b>1,573,056,370</b>	<b>1,400,836,250</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	390,389,139	413,685,271
Loans - restricted and expendable	768,676	764,818
Unrestricted	5,663,338	60,500,983
<b>Total net assets</b>	<b>396,821,153</b>	<b>474,951,072</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,969,877,523</b>	<b>\$1,875,787,322</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	FOR THE YEARS ENDING JUNE 30	
	2009	2008
<b>OPERATING REVENUES</b>		
Tuition and fees	\$160,796,009	\$144,199,029
Less: scholarship allowances	(43,285,815)	(36,514,755)
<b>Net tuition and fees</b>	<b>117,510,194</b>	<b>107,684,274</b>
Federal grants and contracts	131,135,562	129,278,710
State grants and contracts	14,963,976	8,632,485
Local grants and contracts	478,879	552,779
Private grants and contracts	41,482,787	43,145,848
University hospitals and clinics	802,132,418	739,835,861
Sales and services of auxiliary enterprises:		
Residence halls, net	54,807,634	45,109,484
Food service, net	18,315,785	18,584,501
Other auxiliary, net	25,302,597	25,614,790
Other operating	20,497,124	21,092,477
<b>Total operating revenues</b>	<b>1,226,626,956</b>	<b>1,139,531,209</b>
<b>OPERATING EXPENSES</b>		
Instruction	300,623,855	277,869,390
Research	101,958,550	96,307,112
Public service	21,331,555	17,962,163
Academic support	55,223,054	49,928,756
Student services	34,520,126	31,857,356
Institutional support	94,972,123	104,414,931
Operation and maintenance of plant	75,560,710	102,007,181
Scholarships and fellowships	14,851,029	13,057,477
Hospitals and clinics	898,436,550	804,788,005
Residence halls	54,816,933	49,965,424
Food service	20,468,065	20,333,725
Other auxiliary	23,930,945	22,297,176
Depreciation and amortization expense	77,025,976	72,392,368
Other operating	2,882,360	3,968,380
<b>Total operating expenditures</b>	<b>1,776,601,831</b>	<b>1,667,149,444</b>
<b>Operating loss</b>	<b>(549,974,875)</b>	<b>(527,618,235)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	488,541,209	462,596,126
Federal and State student financial aid	43,306,113	39,071,783
Investment income, net of investment fees	7,115,965	12,370,068
Net realized and unrealized losses	(27,041,760)	(4,190,253)
Gifts	1,753,191	1,300,894
Interest expense on capital related debt	(40,039,690)	(45,128,435)
Loss on disposal of plant assets	(1,705,847)	(2,143,327)
Other nonoperating revenues (expenses), net	(5,440,074)	(462,325)
<b>Net nonoperating revenues</b>	<b>466,489,107</b>	<b>463,414,531</b>
<b>Income (loss) before other revenues and gains</b>	<b>(83,485,768)</b>	<b>(64,203,704)</b>
Capital appropriations	316,800	1,375,716
Capital gifts and grants	5,039,049	3,327,243
<b>Increase (decrease) in net assets</b>	<b>(78,129,919)</b>	<b>(59,500,745)</b>
Net assets at the beginning of year	474,951,072	534,451,817
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$396,821,153</b>	<b>\$474,951,072</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$117,301,979	\$107,866,897
Federal grants and contracts	130,772,051	128,030,766
State and local grants and contracts	13,989,001	8,720,263
Private grants and contracts	40,505,496	43,590,925
University hospitals and clinics	721,153,851	681,611,686
Personal service payments	(767,617,702)	(690,971,959)
Other than personal service payments	(467,289,631)	(448,355,877)
Payments for fringe benefits	(145,157,341)	(129,173,553)
Payments for scholarships and fellowships	(23,048,387)	(13,057,477)
Loans issued to students	(997,717)	(1,143,752)
Collection of loans to students	883,050	730,810
Residence halls, net	54,678,533	44,880,930
Food service, net	18,505,892	17,876,915
Other auxiliary, net	26,089,260	27,838,191
Other operating	25,646,713	5,286,906
<b>Net cash used by operating activities</b>	<b>(254,584,952)</b>	<b>(216,268,329)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>State appropriations</b>		
Operations	270,703,298	242,051,691
Debt service	53,478,701	61,976,447
Federal and State student financial aid grants	43,290,732	39,071,783
Private gifts and grants	1,753,191	1,300,894
Repayment of short-term loans	(7,800,000)	(7,800,000)
Other payments	(23,900,000)	
<b>Net cash flows provided by noncapital financing activities</b>	<b>337,525,922</b>	<b>336,600,815</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	108,251,860	162,594,401
Capital appropriations	316,800	1,375,716
Capital grants and gifts received	5,039,049	3,327,243
Purchases of capital assets	(62,441,170)	(57,653,905)
Payments to contractors	(93,285,689)	(110,018,135)
Principal paid on capital debt and leases	(62,956,803)	(55,753,511)
Interest paid on capital debt and leases	(40,125,062)	(45,128,435)
Other receipts (payments)		1,316,095
<b>Net cash used by capital and related financing activities</b>	<b>\$(145,201,015)</b>	<b>\$(99,940,531)</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY  
STATEMENT OF CASH FLOWS

	<b>FOR THE YEARS ENDING JUNE 30</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	\$2,057,527	\$2,691,233
Interest, dividends, and realized gains on investments	6,955,127	9,938,377
Purchases of investments	(3,075,965)	(2,454,050)
<b>Net cash provided (used) by investing activities</b>	<b>5,936,689</b>	<b>10,175,560</b>
<b>Net change in cash</b>	<b>(56,323,356)</b>	<b>30,567,515</b>
Cash - beginning of year	280,228,905	249,661,390
<b>Cash - end of year</b>	<b>223,905,549</b>	<b>280,228,905</b>
<b>END OF YEAR CASH COMPRISED OF</b>		
Cash and cash equivalents	215,107,897	250,157,509
Restricted cash and cash equivalents	8,797,652	30,071,396
<b>Total cash - end of year</b>	<b>223,905,549</b>	<b>280,228,905</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(549,974,875)	(527,618,235)
<b>ADJUSTMENTS TO OPERATING LOSS</b>		
Depreciation and amortization expense	77,025,976	72,392,368
Fringe benefits and litigation costs provided by State	239,642,454	244,326,671
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
Receivables, net	(65,448,475)	(18,004,701)
Inventories	(1,122,436)	(1,008,746)
Other assets	1,388,838	(3,535,678)
Accounts payable, accrued expenses, and other liabilities	43,374,736	15,708,461
Deferred revenue	494,945	757,285
Student deposits	33,885	(58,041)
Deposits held for others		772,287
<b>Net cash used by operating activities</b>	<b>(254,584,952)</b>	<b>(216,268,329)</b>
<b>SUPPLEMENTAL DISCLOSURES FOR NONCASH TRANSACTIONS</b>		
New capital leases / debt agreements	37,380,631	94,793,035
Fringe benefits and litigation costs provided by the State	239,642,454	244,326,671
Noncash gifts	\$0	\$47,700

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK FOUNDATION BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2009	2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$14,013,982	\$7,317,942
Accounts and notes receivable, net	147,839	341,879
Pledges receivable, net	101,780,514	53,737,503
Investments	106,275,720	123,713,270
Other assets	1,258,076	218,653
Capital assets, net	12,061,822	6,960,446
<b>Total assets</b>	<b>235,537,953</b>	<b>192,289,693</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	5,406,843	4,817,844
Current portion of long-term debt	140,000	130,000
Deposits held for others	23,649,248	21,088,027
Long-term debt	2,285,000	2,425,000
Other liabilities	571,208	425,592
<b>Total liabilities</b>	<b>32,052,299</b>	<b>28,886,463</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Board designated for Campus programs	5,774,652	16,157,329
General operations and other		4,164,305
<b>Temporarily restricted</b>		
Scholarships and fellowships	14,856,751	17,312,520
Campus programs	19,725,257	20,646,540
Research	8,973,308	9,651,290
General operations and other	74,048,194	24,244,977
<b>Permanently restricted</b>		
Scholarships and fellowships	14,555,377	13,769,384
Campus programs	26,962,469	21,407,952
Research	1,264,283	1,260,322
General operations and other	37,325,363	34,788,611
<b>Total net assets</b>	<b>203,485,654</b>	<b>163,403,230</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$235,537,953</b>	<b>\$192,289,693</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

STONY BROOK FOUNDATION  
STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30			2009	2008
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
<b>REVENUES</b>					
Contributions, gifts, and grants	\$1,160,129	\$69,933,191	\$8,332,546	\$79,425,866	\$47,393,159
Investment income, net	2,152,424	7,318		2,159,742	971,116
Net realized and unrealized gains (losses)	(11,317,035)	(10,719,396)		(22,036,431)	3,338,871
Rental income		402,534		402,534	398,737
Sales and services	919,035	1,022,262		1,941,297	2,457,399
Program income and special events		2,311,049		2,311,049	2,359,769
Other sources	(153,907)	(55,447)		(209,354)	4,824
Endowment earnings transferred	(1,365,652)	1,357,006		(8,646)	(14,137)
Net assets released from restrictions	19,317,024	(19,317,024)			
<b>Total Revenues</b>	<b>10,712,018</b>	<b>44,941,493</b>	<b>8,332,546</b>	<b>63,986,057</b>	<b>56,909,738</b>
<b>EXPENSES</b>					
Program expenses	15,791,730			15,791,730	12,496,431
Payments to State University:					
Scholarships and fellowships	2,463,171			2,463,171	1,271,738
Other	816,621			816,621	868,936
Depreciation and amortization expense	667,288			667,288	849,940
Interest expense on capital-related debt	160,142			160,142	170,856
Management and general	1,578,515			1,578,515	1,624,483
Fundraising	2,426,166			2,426,166	2,355,496
Other expenses					220,106
<b>Total expenditures</b>	<b>23,903,633</b>			<b>23,903,633</b>	<b>19,857,986</b>
<b>Increase in net assets (decrease)</b>	<b>(13,191,615)</b>	<b>44,941,493</b>	<b>8,332,546</b>	<b>40,082,424</b>	<b>37,051,752</b>
<b>Net assets at the beginning of year</b>	<b>20,321,634</b>	<b>71,855,327</b>	<b>71,226,269</b>	<b>163,403,230</b>	<b>126,351,478</b>
Transfer of net assets	(1,355,367)	806,690	548,677		
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$5,774,652</b>	<b>\$117,603,510</b>	<b>\$80,107,492</b>	<b>\$203,485,654</b>	<b>\$163,403,230</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *1. Summary of Significant Accounting Policies and Basis of Presentation*

#### **Financial Presentation**

In June 2007, Stony Brook University (the University) adopted a financial statement format consistent with the State University of New York's (SUNY) audited financial statements. The University assumed this position to conform to GASB and FASB pronouncements. The University has relied on information provided by SUNY for the allocation of various net asset values not easily identified by the University.

#### **Reporting Entity**

For financial reporting purposes, the University is comprised of sectors which include the University centers of the main campus, Manhattan, and Southampton, health science centers (including hospitals), colleges and schools, central services, and other affiliated entities determined to be includable in the University's financial reporting entity.

Inclusion in the entity is based primarily on the notion of financial accountability. Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, defines financial accountability in terms of a primary government (University) that is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officers appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Inclusion in the reporting entity is also required for legally separate, tax-exempt, affiliated organizations that (a) receive or hold economic resources that are significant to, and entirely or almost entirely for the direct benefit of, the primary government, its component units, or its constituents and (b) the primary government, or its component units, is entitled to, or can otherwise access, a majority of the economic resources received or held by the separate organization. As a result, the Stony Brook Foundation Inc. (the Foundation) is included in the University's reporting entity. The Foundation is presented as an aggregate component unit on financial statement pages 18 and 19 in the University's financial statements in accordance with display requirements prescribed by the Financial Accounting Standards Board (FASB). The financial activity was derived from financial statements of the Foundation for the year ended June 30, 2009 and 2008.

The Research Foundation of State University of New York at Stony Brook (Research Foundation) is a separate not-for-profit educational corporation that operates as the fiscal administrator for the majority of the University's sponsored programs. The programs include research, training, and public service activities of the State-operated campuses supported by sponsored funds other than State appropriations. The activity of the Research Foundation has been included in these financial statements using GASB measurements and recognition standards. The financial activity was derived from audited financial statements of the Research Foundation for the year ended June 30, 2009 and 2008.

The Faculty Student Association (FSA) is a campus-based, not-for-profit corporation, which as an independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community. Although a separate and independent legal entity, the FSA carries out operations which are integrally related to the University and, therefore, is included in the financial statements of the University. The financial data for the FSA was derived from individually audited financial statements for the year ended June 30, 2009 and 2008.

The State University Construction Fund (Construction Fund) is a public benefit corporation that designs, constructs, reconstructs, and rehabilitates SUNY facilities to an approved master plan. It is a separate legal

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

entity that carries out operations which are integrally related to SUNY and its reporting components, and therefore, the financial activity related to the University's share of the Construction Fund is included in the financial statements as of the Construction Fund's fiscal year end of March 31, 2009 and 2008. To report construction fund activities related to the University, certain methodologies are used by SUNY to allocate plant fund balances by campus.

The operations of certain related but independent organizations, i.e., clinical practice management plans, alumni association, and student associations, are not included in the accompanying financial statements as such organizations do not meet the definition for inclusion under GASB Statement Nos. 14 or 39.

The accompanying financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by GASB.

The University applies all applicable pronouncements of the FASB issued on or before November 30, 1989, that do not conflict or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

The University adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenses, the related assets or liabilities, and note disclosures in the financial statements. The objective of this statement is to improve the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB expenses over a period that approximates the employees' years of service and provides information about actuarial accrued assets or liabilities associated with OPEB, and whether, and to what extent, funding progress is being made.

The University reports its financial statements as a special purpose government engaged in business-type activities, as defined by GASB. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the University consist of a classified balance sheet and a statement of revenues, expenses, and changes in net assets, that distinguish between operating and nonoperating revenues and expenses.

The University's policy for defining operating activities in the statement of revenues, expenses, and changes in net assets are those that generally result from exchange transactions, i.e., the payments received for services and payments made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities and include the University's operating and capital appropriations from the State, federal appropriations, nonexchange receipts, net investment income, gifts, and interest expense.

Resources are classified for accounting and financial reporting purposes into the following four net asset categories:

*Invested in capital assets, net of related debt:*

Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

*Restricted – nonexpendable:*

Net assets subject to externally imposed conditions that require the University retain in perpetuity.

*Restricted – expendable:*

Net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *Unrestricted, all other categories of net assets:*

Included in unrestricted net assets are amounts provided for specific use by the University's colleges, hospitals and clinics, and separate legal entities included in the University's reporting entity that are designated for those entities and, therefore, not available for other purposes.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

## Revenues

Revenues are recognized in the accounting period when earned. State appropriations are recognized when they are made legally available for expenditure. Revenues and expenditures arising from nonexchange transactions are recognized when all eligibility requirements, including time requirements, are met. Promises of private donations are recognized at fair value. Net patient service revenue for the hospitals is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Tuition and fees and auxiliary sales and service revenues are reported net of scholarship discounts and allowances. Auxiliary sales and service revenue classifications were reported net of the following scholarship discount and allowance amounts for the fiscal year (in thousands):

Residence halls	\$9,097
Food service	\$4,464
Other auxiliary	\$4,397

## Deferred Financing Costs

Deferred financing costs represent costs incurred for the issuance of bonds that are capitalized and amortized over the life of the related debt.

## Compensated Absences

Employees accrue annual leave based primarily on the number of years employed up to a maximum rate of 21 days per year up to a maximum of 40 days. The compensated absences liability at June 30, 2009, was \$47 million.

## Inventories

Inventories held by the University are primarily stated at the lower of cost or market value on a first-in, first-out basis.

## Fringe Benefits

Employee fringe benefit costs (e.g., health insurance, worker's compensation, retirement and post-retirement benefits) are paid by the State on behalf of the University (except for the University hospitals, which pay their own fringe benefit costs) at a fringe benefit rate determined by the State. The University records an expense

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

and corresponding State appropriation revenue for fringe benefit costs based on the fringe benefit rate applied to total eligible personal service costs incurred.

### Tax Status

The University and the Construction Fund are political subdivisions of the State and are, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations.

The Research Foundation and campus auxiliary services corporations are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Service Code and are tax-exempt on related income, pursuant to Section 501(a) of the code.

### Use of Estimates

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

### Reclassifications

Certain amounts displayed in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

## *2. Cash and Cash Equivalents*

Cash and cash equivalents are defined as current operating assets that include investments with original maturities of less than 90 days, except for cash and cash equivalents held in investment pools that are included in short-term and long-term investments in the accompanying balance sheet.

Cash held in the State treasury beyond immediate need is pooled with other State funds for investment purposes. The pooled balances are limited to legally stipulated investments which include obligations of, or are guaranteed by, the United States, obligations of the State and its political subdivisions, and repurchase agreements. These investments are reported at cost (which approximates fair value) and are held by the State's agent in its name on behalf of the University.

The New York State Comprehensive Annual Financial Report contains the GASB No. 40 risk disclosures for deposits held in the State treasury. Deposits not held in the State treasury that are not covered by depository insurance and are: (a) uncollateralized were \$8.9 million and (b) collateralized with securities held by a pledging financial institution were \$6.4 million at June 30, 2009.

## *3. Deposits with Trustees*

Deposits with trustees primarily represent Dormitory Authority of the State of New York (DASNY) bond proceeds needed to finance capital projects and to establish required building and equipment replacement and debt service reserves. Pursuant to financing agreements with DASNY, bond proceeds, including interest income, are restricted for capital projects or debt service. Also included are nonbond proceeds that have been designated for capital projects and equipment.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *4. Investments*

Investments of the University are recorded at fair value. Investment income is recorded on the accrual basis, and purchases and sales of investment securities are reflected on a trade date basis. Any net earnings not expended are included as increases in restricted - nonexpendable net assets if the terms of the gift require that such earnings be added to the principal of a permanent endowment fund, or as increases in restricted - expendable net assets as provided for under the terms of the gift, or as unrestricted.

Investments are comprised of investments of the Research Foundation and the auxiliary services corporations. The Research Foundation maintains a diverse investment portfolio and with respect to debt instruments, has a policy of investing in primarily high quality securities. Investments are held with the investment custodian in the Research Foundation's name. Investments at fiscal year end are \$76 million.

Investments of the auxiliary services corporations were derived from the audited financial statements. The composition of investments at fiscal year end consists of nonequity investments of \$5.2 million and equity investments of \$3.8 million.

Generally, individual investment securities must be of investment grade. The University maintains a portfolio which possesses an overall weighted average rating by Moody's and Standard and Poor's (S&P) of at least A. Private placement securities must be rated A3 or higher by Moody's or A- or higher by S&P. Parameters exist that allow some limited investments in noninvestment grade; however, investments rated below B3 by Moody's or B- by S&P are prohibited. Policies are in place that limit fixed income investment duration within certain benchmarks and a highly diversified portfolio is maintained which limits interest rate risk exposure.

### *5. Accounts, Notes, and Loans Receivable*

At June 30, 2009, accounts, notes, and loans receivables were summarized as follows (in thousands):

	2009	2008
Tuition and fees	\$3,089	\$2,560
Allowance for uncollectible	(671)	(552)
<b>Net tuition and fees</b>	<b>2,418</b>	<b>2,008</b>
Room rent	627	682
Allowance for uncollectible	(198)	(221)
<b>Net room rent</b>	<b>429</b>	<b>461</b>
Patient fees, net of contractual allowances	344,167	312,124
Allowance for uncollectible	(117,765)	(119,039)
<b>Net patient fees</b>	<b>226,402</b>	<b>193,085</b>
<b>Other, net</b>	<b>39,871</b>	<b>8,101</b>
<b>Total accounts receivable and notes receivable</b>	<b>269,120</b>	<b>203,655</b>
Student loans	8,268	8,162
Allowance for uncollectible	(1,175)	(1,097)
<b>Total student loans receivable</b>	<b>7,093</b>	<b>7,065</b>
<b>TOTAL, NET</b>	<b>\$276,213</b>	<b>\$210,720</b>

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### 6. Capital Assets

Capital assets are stated at cost, or in the case of gifts, fair value at the date of receipt. Building renovations and additions costing more than \$100,000 and equipment items with a unit cost of more than \$5,000 are capitalized. Equipment under capital leases are stated at the present value of minimum lease payments at the inception of the lease. Interest during the construction of capital projects is capitalized. With the exception of land, construction in progress, and inexhaustible works of art, capital assets are depreciated on a straight-line basis over their estimated useful lives, using historical and industry experience, ranging from three to 50 years.

Capital assets, net of accumulated depreciation, totaled \$1.1 billion. Capital asset activity during the year is reflected in the table below (in thousands). Closed projects and retirements represent capital assets retired and assets transferred from construction in progress for projects completed and the related capital assets placed in service.

	JUNE 30 2007	ADDITIONS	RETIREMENTS	JUNE 30 2008	ADDITIONS	RETIREMENTS	JUNE 30 2009
Land	\$34,936	\$11,261		\$46,197			\$46,197
Infrastructure, land improvements	62,887	9,502	\$1,524	70,865	\$9,934	\$1,403	79,396
Buildings	1,038,178	37,266	2,413	1,073,031	31,097	4,537	1,099,591
Equipment, library books, artwork	425,549	43,016	12,835	455,730	51,432	20,977	486,185
Construction in progress	156,772	147,103	63,287	240,588	149,139	51,201	338,526
<b>Total Capital Assets</b>	<b>1,718,322</b>	<b>248,148</b>	<b>80,059</b>	<b>1,886,411</b>	<b>241,602</b>	<b>78,118</b>	<b>2,049,895</b>
Less: accumulated depreciation:							
Infrastructure, land improvements	50,011	1,925	1,523	50,413	2,482	1,403	51,492
Buildings	487,045	25,542	2,410	510,177	26,755	4,236	532,696
Equipment, library books, artwork	262,160	44,735	13,333	293,562	47,585	18,605	322,542
<b>Total accumulated depreciation</b>	<b>799,216</b>	<b>72,202</b>	<b>17,266</b>	<b>854,152</b>	<b>76,822</b>	<b>24,244</b>	<b>906,730</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$919,106</b>	<b>\$175,946</b>	<b>\$62,793</b>	<b>\$1,032,259</b>	<b>\$164,780</b>	<b>\$53,874</b>	<b>\$1,143,165</b>

#### 7. Long-term Liabilities

The University has entered into capital leases and other financing agreements with DASNY to finance most of its capital facilities. The University has also entered into financing arrangements with the New York Power Authority under the statewide energy services program. Equipment purchases are also made through DASNY's Tax-exempt Equipment Leasing Program (TELP), various state-sponsored equipment leasing programs, or private financing arrangements. At June 30, 2009, other than facilities obligations, which are included as of March 31, 2009, total obligations are summarized in the following table (in thousands).

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

	JUNE 30, 2007	ADDITIONS	REDUCTIONS	JUNE 30, 2008	ADDITIONS	REDUCTIONS	JUNE 30, 2009	CURRENT PORTION
Long-term debt:								
Educational Facilities	\$343,875	\$120,834	\$17,657	\$447,052	\$96,963	\$16,697	\$527,318	\$19,581
Residence Hall Facilities	139,411	54,137	6,570	186,978	24,195	7,192	203,981	6,643
Capital Leases	92,595	21,248	20,793	93,050		27,562	65,488	19,282
Other long-term debt - ESDC		32,907	11,742	21,165	13,186	11,507	22,844	6,419
<b>Total long-term debt</b>	<b>575,881</b>	<b>229,126</b>	<b>56,762</b>	<b>748,245</b>	<b>134,344</b>	<b>62,958</b>	<b>819,631</b>	<b>51,925</b>
Other long term liabilities:								
Compensated Absences	231,466	190,940	79,700	342,706	203,782	122,556	423,932	42,138
Loan from State	60,016	2,462	11,711	50,767	645	11,709	39,703	7,800
Litigation	55,800	4,350	8,240	51,910	33,900	20,710	65,100	12,440
Other long-term liabilities	648	1,437	83	2,002	725	85	2,642	111
<b>Total other long-term liabilities</b>	<b>347,930</b>	<b>199,189</b>	<b>99,734</b>	<b>447,385</b>	<b>239,052</b>	<b>155,060</b>	<b>531,377</b>	<b>62,489</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$923,811</b>	<b>\$428,315</b>	<b>\$156,496</b>	<b>\$1,195,630</b>	<b>\$373,396</b>	<b>\$218,018</b>	<b>\$1,351,008</b>	<b>\$114,414</b>

## Educational Facilities

The University, through DASNY, has entered into financing agreements to finance various educational facilities that have a maximum 30-year life. Athletic facility debt is aggregated with educational facility debt. Debt service is paid by, or from specific appropriations of, the State. During the year, Personal Income Tax Revenue Bonds (PIT) were issued for the purpose of financing capital construction and major rehabilitation for educational facilities in the amount of \$97 million.

## Residence Hall Facilities

The University has entered into capital lease agreements for residence hall facilities. DASNY bonds for residence hall facilities, which have a maximum 30-year life, are repaid from room rentals and other residence hall revenues. Upon repayment of the bonds, including interest thereon, and the satisfaction of all other obligations under the lease agreements, DASNY shall convey to the University all rights, title, and interest in the assets financed by the capital lease agreements. Residence hall facilities revenue realized during the year from facilities from which there are bonds outstanding is pledged as a security for debt service and is assigned to DASNY to the extent required for debt service purposes. Any excess funds pledged to DASNY are available for residence hall capital and operating purposes.

During the year, the University entered into agreements with DASNY to issue residential hall facility obligations totaling \$24.2 million for the purpose of financing capital construction and major rehabilitation for residential hall facilities.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

In prior years, the University defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the University's financial statements.

### Capital Lease Arrangements

The University leases equipment under DASNY TELP, New York State Personal Income Tax Revenue Bonds, certificates of participation (COPs), vendor financing, or through statewide lease purchase agreements. The University is responsible for lease debt service payments sufficient to cover the interest and principal amounts due under these arrangements.

### Loan - State STIP Pool

In prior years, the University experienced operating cash-flow deficits precipitated by cash-flow difficulties experienced by the hospital. In connection with these cash-flow deficits, as authorized by State Finance Law, the University borrowed funds with interest from the short-term investment pool of the State. The amount outstanding under this borrowing from the State at June 30, 2009, was \$39.7 million. During the year, \$11.7 million was paid on these loans. The University incurred an interest cost of \$.6 million at an average interest rate of 1.3 percent.

## *8. Retirement*

### Retirement Benefits

There are three major retirement plans for University state employees. The New York State and Local Employees' Retirement System (ERS), the New York State Teachers' Retirement System (TRS), and the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA/CREF). ERS is a cost-sharing, multiple-employer, defined benefit public plan administered by the State Comptroller. TRS is a cost-sharing, multiple-employer, defined benefit public plan separately administered by a nine-member board. TIAA/CREF is a multiple-employer, defined contribution plan administered by separate boards of trustees. Substantially all full-time employees participate in the plans.

Obligations of employers and employees to contribute, and related benefits, are governed by the New York State Retirement and Social Security Law (NYSRSSL) and Education Law. These plans offer a wide range of programs and benefits. ERS and TRS benefits are related to years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. TIAA/CREF is a State University Optional Retirement Program (ORP) and offers benefits through annuity contracts.

ERS and TRS provide retirement benefits as well as death and disability benefits. Benefits generally vest after five years of credited service.

The NYSRSSL provides that all participants in ERS and TRS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS and TRS after July 27, 1976, and have less than ten years of service or membership are required to contribute 3 percent of their salary. Employee contributions are deducted from their salaries and remitted on a current basis to ERS and TRS.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

TIAA/CREF provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. TIAA/CREF is contributory for employees who joined after July 27, 1976, who contribute 3 percent of their salary. Employer contributions range from 8 percent to 15 percent depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA/CREF. The employer contributions are equal to 100 percent of the required contributions under each of the respective plans.

The Research Foundation maintains a separate noncontributory plan through TIAA/CREF for substantially all of its employees. Employees become fully vested in contributions made by the Research Foundation after three years of service which are allocated to individual employee accounts. Employer contributions are based on a percentage of regular salary and range from eight percent to fifteen percent.

### Post-employment and Post-retirement Benefits

The State, on behalf of the University, provides health insurance coverage for eligible retired University state employees and their spouses as part of the New York State Health Insurance Plan (NYSHIP). NYSHIP offers comprehensive benefits through various providers consisting of hospital, medical, mental health, substance abuse, and prescription drug programs. The State administers NYSHIP and has the authority to establish and amend the benefit provisions offered. NYSHIP is considered an agent multiple-employer defined benefit plan, is not a separate entity or trust, and does not issue stand-alone financial statements. The University, as a participant in the plan, recognizes OPEB expenses on an accrual basis.

Employee contribution rates for NYSHIP are established by the State and are generally 10 percent for enrollee coverage and 25 percent for dependent coverage. NYSHIP premiums are being financed on a pay-as-you-go basis. During the fiscal year, the State, on behalf of the University, paid health insurance premiums of \$45.4 million. The University's annual OPEB cost and increase in the OPEB obligation, relating to its state employees, for the year ended June 30, 2009, is as follows (in thousands):

Annual required contribution and annual OPEB cost	\$135,135
Benefits paid during year	45,361
<b>Increase in OPEB Obligation</b>	<b>89,774</b>
Net obligation at beginning of year	222,054
<b>NET OBLIGATION AT END OF YEAR</b>	<b>\$311,828</b>

The initial unfunded actuarial accrued liability is being amortized over an open period of 30 years using the level percentage of projected payroll amortization method

The actuarial valuation utilizes a frozen entry age actuarial cost method. The actuarial assumptions include a 4.2 percent discount rate, payroll growth rate of 3.5 percent, and an annual health care cost trend rate for medical coverage of 10 percent initially, reduced by decrements to a rate of five percent after six years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined results are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future. The actuarial methods and assumptions used are designed to reduce short-term volatility in reported amounts and reflect a long-term perspective.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

The Research Foundation sponsors a separate single employer defined benefit post-retirement plan (Plan) that provides health insurance and medical benefits that covers substantially all nonstudent Research Foundation employees. The Research Foundation Board of Directors administers the plan and has the authority to establish and amend the benefit provisions offered. Contribution rates for employees hired after 1985 are 10 percent for employee coverage, and 25 percent for dependent coverage. Contributions by the Research Foundation are made pursuant to a funding policy established by its Board of Directors. In 2009, a separate legal trust was established and the assets held in the trust are considered Plan assets in determining the funding status of the Plan. The Research Foundation post-retirement obligation for the year ended June 30, 2009, was \$ 57.3 million.

### *9. Commitments*

The University has entered into contracts for the construction and improvement of various projects. The University is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year under such operating leases were approximately \$8.3 million. The following is a summary of the future minimum rental commitments under noncancelable real property and equipment leases with terms exceeding one year (in thousands).

<b>YEARS ENDING JUNE 30,</b>	
2010	\$5,224
2011	2,878
2012	2,232
2013	1,164
2014	879
2015-19	3,406
2020-24	36
<b>TOTAL</b>	<b>\$15,819</b>

### *10. Contingencies*

The State is contingently liable in connection with claims and other legal actions involving the University, including those currently in litigation arising in the normal course of University activities. The University does not carry malpractice insurance and, instead, administers these types of cases in the same manner as all other claims against the State involving University activities in that any settlements of judgments and claims are paid by the State from an account established for this purpose. With respect to pending and threatened litigation, the University has recorded a liability and a corresponding appropriation receivable of approximately \$65.1 million at June 30, 2009, for hospitals and clinics unfavorable judgments, both anticipated and awarded but not yet paid.

The University is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. The University has insurance coverage for its residence hall facilities.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

However, in general, the University does not insure its educational buildings, contents, or related risks and does not insure its vehicles and equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by the University are covered by the State on a self-insured basis. The State does have fidelity insurance on State employees.

### *11. Related Parties*

The University's single largest source of revenue is State appropriations, which represents approximately 28 percent of total revenues for the fiscal year. The State University is dependent on this appropriation to carry on its operations.

### *12. Federal Grants and Contracts and Third-Party Reimbursement*

Substantially all federal grants and contracts are subject to financial and compliance audits by the grantor agencies of the federal government. Disallowances, if any, as a result of these audits may become liabilities of the University. University management believes that no material disallowances will result from audits by the grantor agencies.

The University's hospitals have agreements with third-party payors, which provide for reimbursement to the hospitals at amounts different from their established charges. Contractual service allowances and discounts (reflected through the University hospitals and clinics sales and services) represent the difference between the hospitals' established rates and amounts reimbursed by third-party payors. The University has made provision in the accompanying financial statements for estimated retroactive adjustments relating to third-party payors cost reimbursement items.

### *13. Subsequent Events*

In October 2009, the State of New York reduced the 2009-10 State appropriated support to SUNY by \$90 million of which the University's share is anticipated to be \$8.6 million. The University's financial position may be affected by these reductions.

### *14. Foundations*

Discretely presented component unit information is comprised principally of the campus-related Foundation. The Foundation is a not-for-profit organization responsible for the fiscal administration of revenues and support received for the promotion, development, and advancement of the welfare of its campus, its students, faculty, staff, and alumni. The Foundation receives the majority of its support and revenues through contributions, gifts, and grants and provide benefits to the campus, students, faculty, staff, and alumni.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

The Foundation is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for the organization was derived from its individual financial statements, reported in accordance with generally accepted accounting principles promulgated by FASB, as of the June 30 fiscal year end.

During the year, the Foundation distributed \$3.3 million to the University principally for scholarships.

Separately issued financial statements of the Foundation and other related entities may be obtained in writing to:

Stony Brook Foundation  
230 Administration Bldg  
Stony Brook, NY 11794-1188

## Net Asset Classifications

Unrestricted net assets represent resources whose uses are not restricted by donor-imposed stipulations and are generally available for the support of the University campus and Foundation programs and activities. Temporarily restricted net assets represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or are removed by specific actions. Permanently restricted net assets represent resources that donors have stipulated must be maintained permanently. The income derived from the permanently restricted net assets is permitted to be spent in part or in whole, restricted only by the donors' wishes.

## Investments

All investments with readily determinable fair values have been reported in the financial statements at fair value. Realized and unrealized gains and losses are recognized in the statement of activities. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investments of the Foundation were \$106 million as of June 30, 2009. The composition of investments is as follows (in thousands):

Equities – domestic	\$15
Equities – international	16
Equities – private	1
Other nonequities	13
Multistrategy	59
Core property	2
<b>TOTAL INVESTMENTS</b>	<b>\$106</b>

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### Capital Assets

Capital assets are stated at cost, if purchased, or fair value at date of receipt, if acquired by gift. Land improvements, buildings, and equipment are depreciated over their estimated useful lives using the straight-line method. Capital assets, net of accumulated depreciation, totaled \$12.1 million as of June 30, 2009. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$ 3.3
Buildings	5.9
Equipment	5.9
Artwork and library books	2.7
<b>Total capital assets</b>	<b>17.8</b>
Less accumulated depreciation	5.7
<b>CAPITAL ASSETS, NET</b>	<b>\$12.1</b>

### Long-term Debt

In November 1999, the Foundation, through an underwriter, issued a 20-year Town of Brookhaven Industrial Development Agency bond for \$3,300,000 for the purpose of developing a day care center. The bond payable bears interest at a rate of 5.75 percent per annum through November 1, 2008, and 6.50 percent per annum from November 2, 2008, through November 1, 2020. The bond payable is secured by a first mortgage on the project facility and a corporate guarantee by the Foundation. The financing was interest only for the first 12 months followed by 20 years of a self-amortizing debt service schedule. Principal payments began November 2001 and are to be paid annually. There are no financial covenants attached to the financing.

The Foundation incurred \$174,875 in bond issuance costs, which are being amortized over the life of the bond. Accumulated amortization amounted to \$87,438 and \$78,694 at June 30, 2009, and 2008, respectively. At June 30, 2009, future principal payments on the bond are as follows (in thousands):

<b>YEARS ENDING JUNE 30,</b>	
2010	\$140
2011	150
2012	160
2013	170
2014	180
Thereafter	1,625
<b>TOTAL</b>	<b>\$2,425</b>



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