



# Stony Brook University

ANNUAL FINANCIAL REPORT | 2014-2015



Stony Brook University



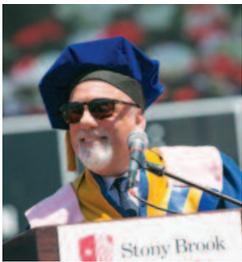


## TABLE OF CONTENTS

Making an Impact on a Global Scale	<i>2-4</i>
Letter to the President	<i>5</i>
Financial Highlights	<i>6-13</i>
Stony Brook University Balance Sheet	<i>14</i>
Stony Brook University Statement of Revenues, Expenses and Changes in Net Position	<i>15</i>
Stony Brook University Statement of Cash Flows	<i>16-17</i>
Stony Brook Component Units Balance Sheet	<i>18</i>
Stony Brook Component Units Statement of Activities	<i>19</i>
Notes to Financial Statements	<i>20-32</i>

ON THE COVER. Left: The Global Health Institute will join forces with Centre ValBio (pictured), Stony Brook's research hub in Madagascar, to conduct internationally led health science research for the benefit of the Malagasy people. Right, from top: Students walk past the fountain on the Academic Mall on a beautiful fall day; Seawolves show their spirit at a game; a student gets hands-on research experience at Brookhaven National Laboratory; and Stony Brook professor Sonia Harmand examines an artifact at the stone tool excavation site at Lake Turkana, Kenya.

ON THE INSIDE COVER. Clockwise: Stony Brook paleontologist David Krause and his research team investigate the remains of an ancient groundhog-like creature found in Madagascar; the new state-of-the-art Computer Science building opened its doors in July; Stony Brook scientists were part of the research team that found that the critically endangered smalltooth sawfish can reproduce without sex in the wild; Seawolves basketball star Jameel Warney '16 scores in the new Island Federal Credit Union Arena; Peter M. Small, MD, was named founding director of the Global Health Institute; and Stony Brook President Samuel L. Stanley Jr. joined the UN Women's HeForShe movement for gender equality as an IMPACT 10x10x10 University Champion.



*Consumers Digest* named Stony Brook the No. 5 Most Valuable Public University.



Three-time Stony Brook graduate Katarzyna Sawicka took 1st place at the 2014 Collegiate Inventors Competition for a needleless vaccination patch developed at Stony Brook.



Musician Billy Joel (pictured), philanthropist Charles B. Wang and computer science expert Ben Shneiderman received honorary degrees at the 55th Commencement.

## Making an Impact on a Global Scale

STONY BROOK IS ONE OF AMERICA'S MOST DYNAMIC PUBLIC UNIVERSITIES, internationally recognized for groundbreaking research and academic excellence. We're ranked one of the top 100 universities in the nation and one of the top 40 public universities by *U.S. News & World Report*, whose global ranking places us in the top 1 percent of institutions worldwide. Our students, faculty and staff are taking Stony Brook far beyond the expectations of a public university with discoveries and developments set to better our region, our nation and our world.

### DISCOVERIES THAT MADE WORLDWIDE HEADLINES

The West Turkana Archaeological Project team, co-led by Stony Brook research professors Sonia Harmand and Jason Lewis, published their discovery of the earliest stone artifacts, dating to 3.3 million years ago, on the western shore of Lake Turkana in northern Kenya. This finding means human ancestors were making stone tools even earlier than we thought, by about 700,000 years.

We unearthed another major find when Stony Brook paleontologist and Distinguished Service Professor David Krause led the research team in Madagascar that discovered a nearly complete cranium of a 66-to-70-million-year-old groundhog-like creature, which was massive in size compared with other mammals of its era. The finding provides new and important insights into early mammalian evolution.

Are males necessary for reproduction? Scientists at Stony Brook University, the Florida Fish and Wildlife Conservation Commission, and The Field Museum discovered the first evidence of an asexual reproduction process called parthenogenesis, or "virgin birth," found in the wild for any vertebrate animal. Around 3 percent of the sawfish living in a Florida estuary are apparently "parthenogens," suggesting that occasional virgin births may be more common in natural populations than ever suspected.

### AN APPOINTMENT FOR GLOBAL HEALTH

One of Stony Brook's many ambitious endeavors in health science research acquired a strong leader. Peter M. Small, MD, former deputy director of the Tuberculosis Delivery Program for the Bill & Melinda Gates Foundation, was appointed founding director of the Stony Brook University Global Health Institute (GHI).

Established in 2013 with a \$10 million philanthropic commitment, the GHI was conceived as an interdisciplinary research center to drive cutting-edge, health-improvement-oriented research in Madagascar, a vital site for such initiatives due to its rich biodiversity.

Under Dr. Small's leadership, the GHI will conduct groundbreaking and internationally leading health science research, encompassing fundamental work in ecology, developmental economics and disease.

## WORKING TOWARD GENDER EQUALITY

President Samuel L. Stanley Jr. announced in June 2015 that he, along with Stony Brook University, had been named an IMPACT 10x10x10 University Champion, making us one of 10 universities around the world that is committing to take bold, game-changing action to achieve gender equality within and beyond their institutions.

This work will be done in partnership with UN Women, the United Nations entity dedicated to gender equality and the empowerment of women. HeForShe aims to mobilize 1 billion men and boys in support of gender equality — and Stony Brook is ready to lead the charge.

## GRANTS

Stony Brook hit an energy research grand slam, earning major federal funding totaling nearly \$5.7 million from the Advanced Research Projects Agency–Energy on four projects poised to revolutionize the world’s energy technology: an on-demand targeted air conditioning system that reduces energy costs by 30 percent; a system that condenses water vapor from power plants to reduce or eliminate cooling water use; a novel microemulsion absorption system for supplemental power plant cooling; and a compact, efficient, inexpensive and clean natural gas generator based on a free piston linear alternator, designed to provide electricity and heat in residential homes.

In April 2015 the National Institutes of Health awarded Stony Brook University’s Center for Biotechnology a three-year \$3 million grant to establish the Long Island Bioscience Hub. This collaboration between Stony Brook University, Cold Spring Harbor Laboratory and Brookhaven National Laboratory is designed to help accelerate the translation of biomedical discoveries into new drugs, devices and diagnostics to improve patient care and enhance health.

## PARTNERSHIPS

Brookhaven Science Associates LLC (BSA) was selected by the U.S. Department of Energy to continue managing and operating Brookhaven National Laboratory under a new five-year base contract. Established as a partnership between Battelle and Stony Brook University, BSA has managed Brookhaven Lab since 1998.

Stony Brook University and Island Federal Credit Union, another major partnership, announced a 10-year \$7 million sponsorship agreement that includes philanthropic dollars for the College of Business, Stony Brook Children’s Hospital, Stony Brook Film Festival, Long Island State Veterans Home and alumni programs.



Stony Brook Visiting Presidential Professor Carl Bernstein (left) and his Watergate reporting partner, Bob Woodward, gave a lecture on campus that coincided with the 40th anniversary of Nixon’s resignation.



Stony Brook was named No. 4 Most Environmentally Responsible University in *The Princeton Review’s* Guide to Green Colleges.



The American Society of Civil Engineers named civil engineering student Morgan DiCarlo ’16 one of 10 New Faces of Civil Engineering.



Since 2011, the Operational Excellence component of Project 50 Forward has saved more than \$48.5 million, which is reinvested into our mission of teaching, research and service.



Stony Brook added six electric-vehicle charging stations and a Zipcar sharing program to help reduce parking demand, traffic congestion and pollution on campus.



Stony Brook paleontologist Michael D'Emic's re-analysis of a 2014 paper published in *Science* suggests that dinosaurs were actually warm-blooded.

## FACILITIES UPDATES

Stony Brook's new 70,000-square-foot Computer Science building opened in July 2015. The state-of-the-art building contains a mix of research and teaching labs, a wireless teaching lab, faculty offices and conference areas, and will accelerate our growth in collaborative research in bioinformatics, smart energy, cyber engineering, physical sciences and the biomedicine field.

Island Federal Credit Union Arena, the new 4,000-seat home of Stony Brook's men's and women's basketball teams, opened in October 2014, following a two-year, \$21.1 million renovation of the facility, which originally opened in 1990.

Construction continues on Phases I and II of our new 759-room student housing facility and 60,000-square-foot dining center located on Toll Drive on campus.

Stony Brook leadership and area elected officials joined for a beam signing event in December 2014 to mark the completion of construction on Phase I of the new 240,000-square-foot, eight-story Medical and Research Translation (MART) building at Stony Brook Medicine.

The new Stony Brook Children's Hospital facility also showcased major progress this past year. The facility will have 100 beds and occupy two stories of our new 10-story Hospital Pavilion. The \$425 million combined Hospital Pavilion and MART project is the largest capital construction project within the State University of New York system in the past two decades.

## ADVANCEMENT UPDATES

Among the major gifts to Stony Brook University this past year was a \$25 million donation from the Simons Foundation to bolster groundbreaking interdisciplinary research and programming at the Simons Center for Geometry and Physics. This gift will buoy the Center's investigation of string theory, its quest to quantify gravity and its search for a better understanding of the fundamental nature of the universe.

Also, the Knapp Swezey Foundation donated \$2.7 million to Stony Brook Children's Hospital, completing a \$9 million matching challenge grant from an anonymous donor. The Knapp gift was part of a \$20 million philanthropic contribution from hundreds of community members and businesses.

## NEW SCHOOL OF PHARMACY

In March 2015, the SUNY Board of Trustees voted to adopt a resolution endorsing Stony Brook's efforts to confer the Doctor of Pharmacy degree, a first step toward establishing the Stony Brook School of Pharmacy and Pharmaceutical Sciences, which will be the first school of pharmacy on Long Island.

## LETTER TO THE PRESIDENT

May 22, 2016

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, 2015, 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 Research Foundation of the State University of New York. The financial statements of the Stony Brook University Component Units, which include the Stony Brook Foundation and Faculty Student Association, 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,



Robert Megna  
Senior 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. From its beginnings a half-century ago, Stony Brook University has been characterized by innovation, energy and progress, transforming the lives of people who earn degrees, work and make groundbreaking discoveries here. A dramatic trajectory of growth has turned what was once a small teacher preparation college into an internationally recognized research institution that is changing the world.

Stony Brook University consists of the main campus located on Long Island's North shore, Stony Brook Medicine and Health Science Center, the Long Island State Veterans Home, Stony Brook Manhattan and Stony Brook Southampton. The University's reach also extends to a Research and Development Park, four business incubators, and co-manages Brookhaven National Laboratory, joining an elite group of universities — including Princeton, Stanford, the University of California, and the University of Chicago — that run federal laboratories.

And Stony Brook is still growing. To the students, the scholars, the health professionals, the entrepreneurs and all the valued members who make up the vibrant Stony Brook community, this is a not only a great local and national university, but one that is making an impact on a global scale.

**Fiscal 2015 Revenues**      **\$2.24 Billion**  
**Fiscal 2015 Expenditures**      **\$2.32 Billion**

**Research Awards**      **\$191.05 Million**  
**Foundation Revenue**      **\$73.34 Million**

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

Tuition and Fees	\$216.6
State Appropriations	455.2
Federal Grants	142.2
State, Local and Private Grants, and Other	90.3
Auxiliary Services	86.4
Hospital	1,150.5
Nonoperating	99.9

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

Federal	\$137.0
Philanthropic (Private)	21.1
State and Local	8.7
Other	24.2

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

Gifts and Gifts-in-Kind	\$45.4
Other	28.0
Net Assets-Endowment	207.9
Total Net Assets	388.4
Endowment Rate of Return	7.7%

## FINANCIAL HIGHLIGHTS

### Economic Impact

The entrepreneurial energy and economic strength of the University bring a combined benefit of \$4.7 billion to the economy of Long Island. Stony Brook has a remarkable record of fruitful collaboration with private enterprise. Through its high-technology incubators, the University has promoted the launch of more than 40 companies. The University is the largest single-site employer on Long Island, with more than 15,000 full- and part-time employees.

In addition to being an engine for economic development, Stony Brook University is also a destination for the fine arts and entertainment on Long Island. The Staller Center has become a regional treasure, providing the campus and the surrounding communities with amazing local, national and international talent. The Wang Center is a destination for students, faculty and the community, celebrating Asian and Asian-American culture. Our athletics teams represent not only Stony Brook University, but this region, attracting students, faculty, staff and members of the community.

### Employment

Total Employees (full and part time)	15,741
Academic	3,910
Non-Academic	5,091
Hospital	6,740
Average Monthly Payroll	\$84.1 million

### Student Enrollment *(Fall 2015)*

Total Student Enrollment	25,272
<i>Undergraduate</i>	
Total Undergraduate Students	16,831
West Campus	15,680
HSC Campus	1,151
High School GPA Percent	93
Average SAT Score	1,260
<i>Graduate and Advanced Degrees</i>	
Total Graduate Students	8,441
West Campus	5,745
HSC Campus	2,696

### Tuition and Fees *(Fall 2015-Spring 2016)*

<i>Undergraduate and Graduate</i>	
Undergraduate NYS	\$11,539
Undergraduate Nonresident	26,619
Graduate NYS	15,105
Graduate Nonresident	26,445
Graduate MBA NYS	18,645
Graduate MBA Nonresident	28,625
<i>HSC Professional</i>	
Medical NYS	\$44,081
Medical Nonresident	69,091
Dental NYS	48,726
Dental Nonresident	78,716
Physical Therapy NYS	27,465
Physical Therapy Nonresident	45,165

## FINANCIAL HIGHLIGHTS

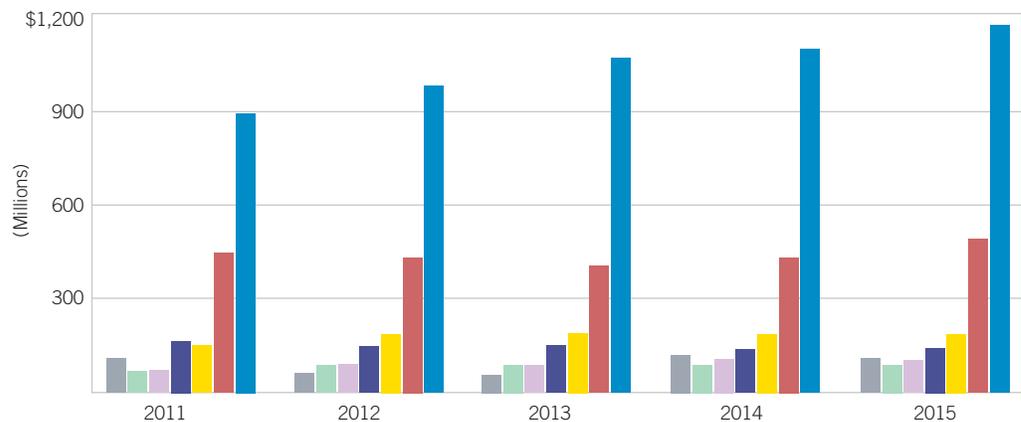
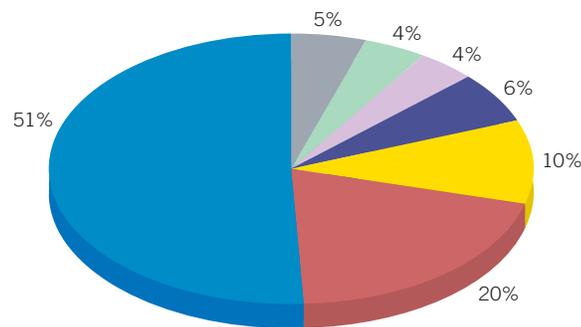
### Revenue Results

Total revenues were \$2,241,079,986 and \$2,114,150,636 for the 2015 and 2014 fiscal years, respectively. The \$127 million revenue increase in 2015 resulted from the following:

- ▶ Hospital revenues exceeded 2014 by \$70 million due to increases in patient revenue, Medicaid Disproportionate Share program revenue, and receivable reserves.
- ▶ State appropriations increased by \$45 million to support debt service, hospital litigation, and campus operations.
- ▶ Tuition and fee revenues increased by \$30 million from rate increments effected by NYSUNY 2020 legislation.
- ▶ Nonoperating revenues decreased by \$18 million attributable to a reduction in capital gifts and grants.

The accompanying graphs depict revenue as a percentage of total current year revenue and over a five year trend.

### 2015 Revenues



Nonoperating	\$112,865,907	\$70,745,613	\$70,098,858	\$117,672,685	\$99,868,549
Auxiliary enterprises	75,936,275	81,417,153	82,082,151	84,444,720	86,373,407
State, local, and private grants and contracts, and other	76,071,298	83,828,303	80,474,837	99,132,463	90,345,218
Federal grants and contracts	158,315,802	148,917,156	150,135,313	138,461,932	142,184,555
Tuition and fees	143,507,337	159,544,536	168,672,430	186,194,593	216,565,759
State appropriations	419,640,532	404,169,900	359,031,670	408,953,548	455,214,819
Hospital and clinics	898,223,497	967,172,803	1,006,334,481	1,079,290,695	1,150,527,679

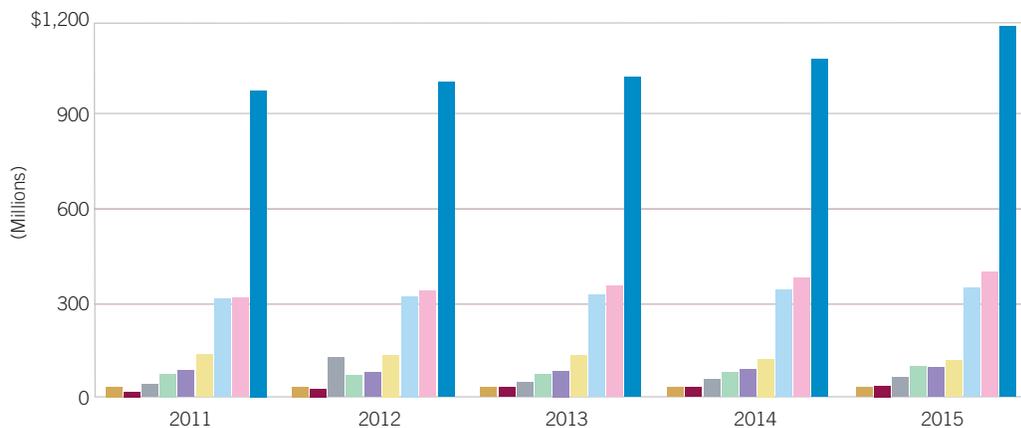
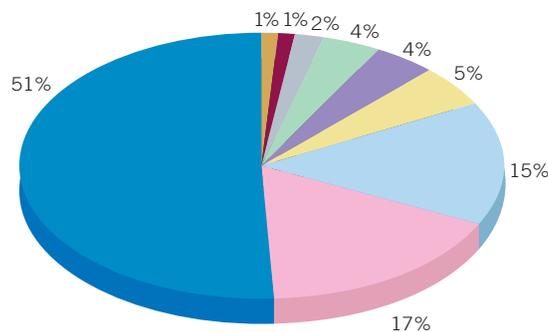
## Expenditure Results

Expenditure totals were \$2,323,244,465 and \$2,161,645,129 for 2015 and 2014, respectively. The \$162 million expenditure increase was significantly attributable to the following:

- ▶ Hospital expenditures increased by \$93 million in accrued postemployment benefit expenses, personal service costs, and other than personal service costs.
- ▶ Instruction expenditures increased \$28 million in accrued postemployment benefit expenses and in personal service costs.
- ▶ Auxiliary expenditures increased by \$12 million in facility construction, athletic expenses, and scholarship allowances.
- ▶ Support expenditures increased by \$15 million from accrued postemployment benefit expenses, personal service costs, and other than personal service costs.
- ▶ Nonoperating expenditures increased by \$10 million attributable to interest and accrued postemployment benefit expenses.
- ▶ Scholarship and fellowship expenditures increased \$4 million.

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

### 2015 Expenditures



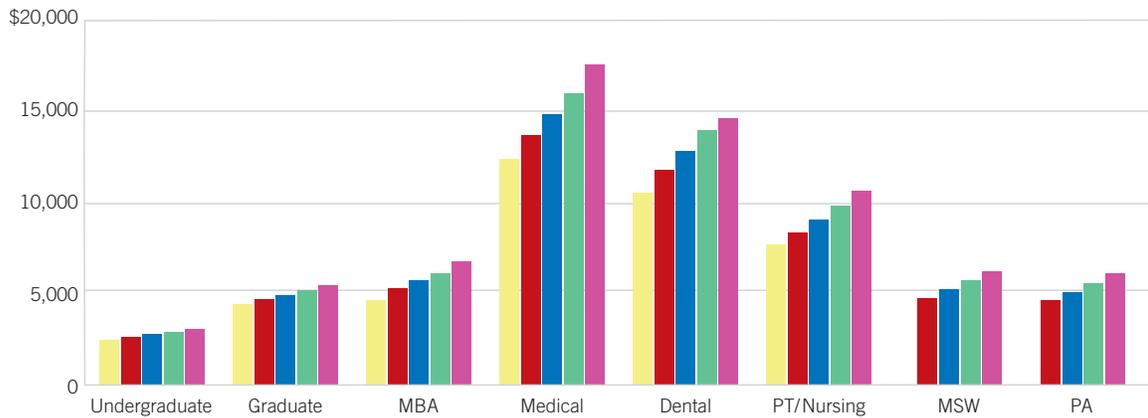
	2011	2012	2013	2014	2015
Public service	\$29,023,711	\$22,953,875	\$22,236,037	\$22,351,901	\$23,778,663
Scholarships and fellowships	18,693,878	21,399,523	22,055,164	22,916,433	26,674,996
Nonoperating	39,509,259	109,905,493	40,291,726	48,827,590	59,498,009
Auxiliary enterprises	68,842,878	69,293,484	78,848,918	71,942,605	83,983,218
Depreciation expense	81,190,853	81,500,390	81,552,837	85,146,757	83,827,479
Research	120,766,424	113,143,283	115,777,574	108,991,363	107,710,221
Support services	313,585,538	316,139,706	322,789,135	331,639,545	346,500,581
Instruction	317,565,132	335,500,756	346,549,797	373,244,968	400,769,909
Hospital and clinics	961,545,417	999,678,636	1,019,345,762	1,096,583,967	1,190,501,389

## FINANCIAL HIGHLIGHTS

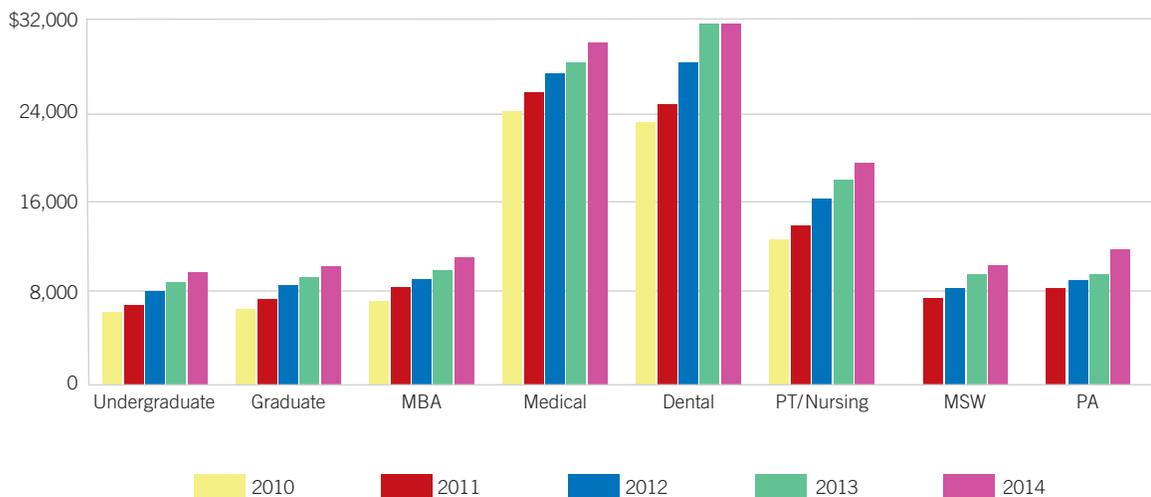
### Tuition Revenue Graphs

These graphs trend tuition rates based on residency status for Fall 2010 through Fall 2014. Due to reductions in state funded support, tuition rates have increased in both resident and non-resident tuition groups as authorized by the SUNY Board of Trustees. With the adoption of NYSUNY 2020, total rates for 2011 through 2014 have increased an average of 9% and 8% per year for resident and non-resident students, respectively.

#### Fall Resident Tuition Rates



#### Fall Non-Resident Tuition Rates

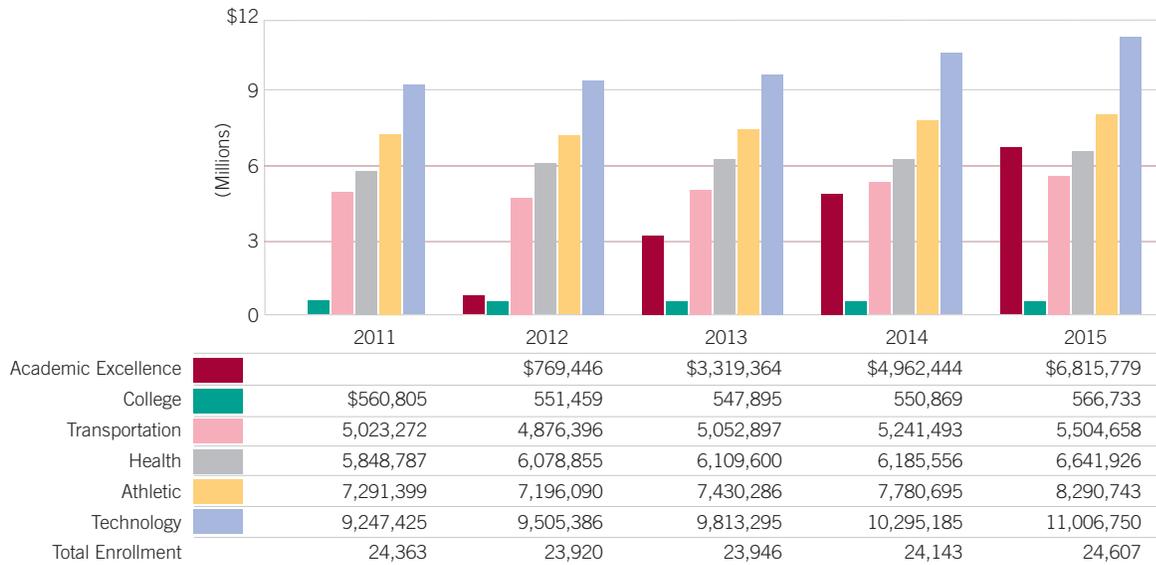


## Comprehensive Fee Revenue

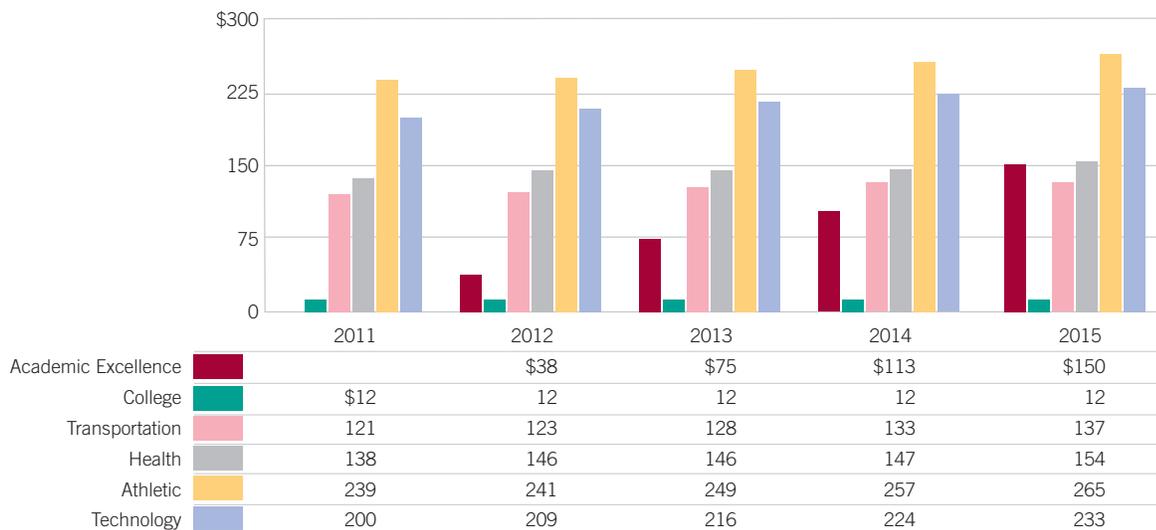
The comprehensive fee is a mandatory fee that is billed to all students, unless they meet waiver requirements. The fee consists of these fee components: academic excellence, college, transportation, health services, athletic, and technology fee. With the exception of the athletic fee which is billed solely to undergraduate students, comprehensive fee rates are consistent for all student fee groups (undergraduate, graduate and professional students).

These graphs illustrate the growth in revenues attributed to the comprehensive fee components. Total rates for 2011 through 2014 have increased an average of 3% per year, excluding the academic excellence and success fee which became effective in Spring 2012 with the passage of NYSUNY 2020. It was established to provide financial resources for building and maintaining quality academic and student success programs. The initial fee in 2012 of \$37.50 has increased to \$150 in 2015.

## Comprehensive Fee Revenue



## Comprehensive Fee F/T Full-Year Rates



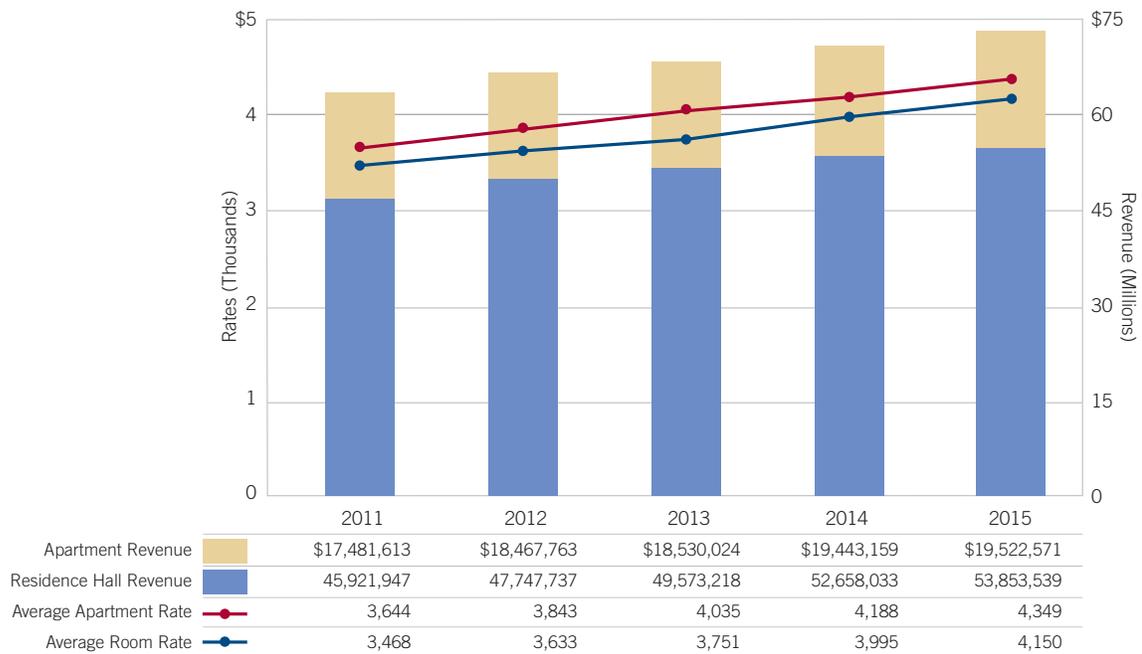
## FINANCIAL HIGHLIGHTS

### Apartment and Residence Hall Revenue

Stony Brook offers on-campus housing to non-commuter students by way of apartment rentals and residence halls, both containing various living options and fee structures. Revenues associated with these facilities are maintained in the Dormitory Operating Fund which is reported within auxiliary enterprises in the Stony Brook University Statement of Revenue, Expenses, and Changes in Net Position.

Below is a graph of apartment and residence hall revenue and rates for the fiscal years 2011 through 2015. From 2011 through 2015, apartment and resident hall rates have increased on average by 5%. Resident hall revenue has increased consistent with the growth in rates while apartment revenues have increased an average of 3% per year.

### Apartment and Residence Hall Rates and Revenue



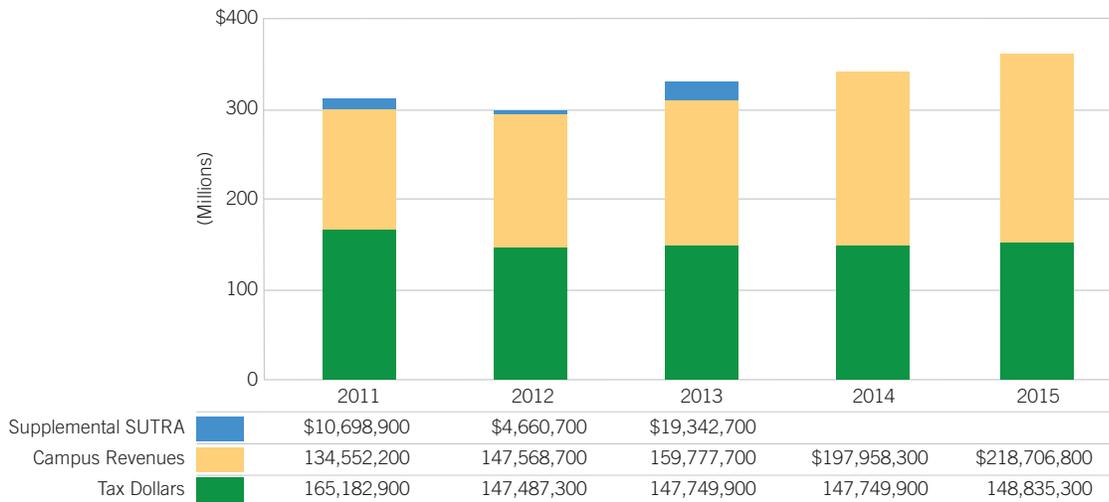
## FINANCIAL HIGHLIGHTS

### State Appropriations and University-wide Appropriations

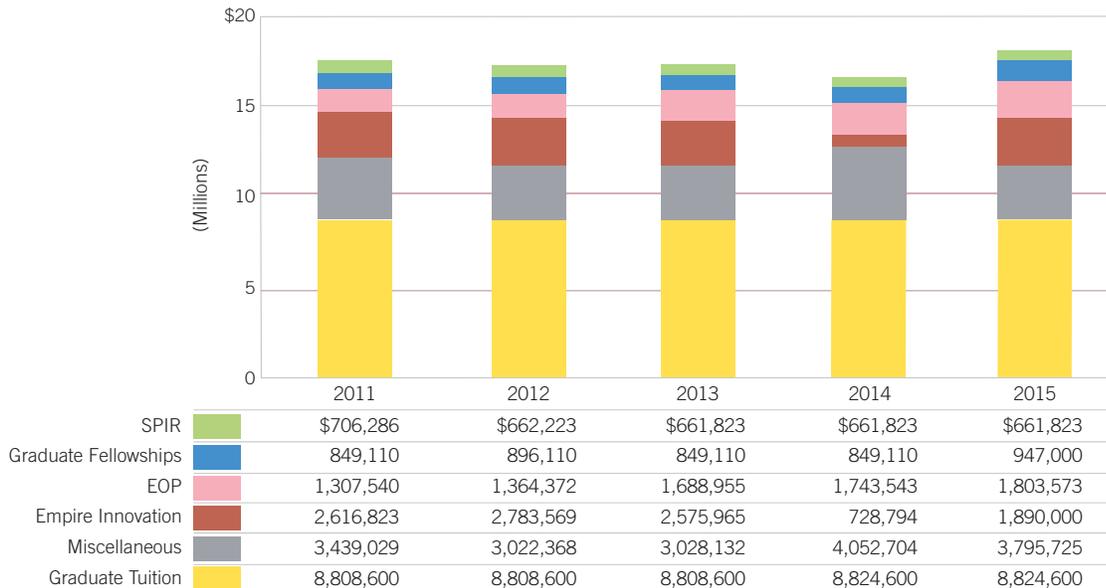
The University receives State appropriations to support its core operating budget in the form of State tax support and from tuition and revenue targets. In 2011-2013 the University also received SUTRA supplemental which represented a portion of campus revenue in excess of revenue targets. The State appropriation distributions for the period from 2011 through 2015 are illustrated in the graph below. From 2011 through 2015 tax support appropriations decreased by \$16 million, or -10%, while campus revenue appropriations increased by \$84 million, or 63%.

In addition to State appropriations, the University receives appropriations earmarked for specific programs. As documented in the graph data display, total University-wide appropriations from 2011 through 2015 remained consistent while fluctuations occurred within various programs (EOP, Empire Innovation, and Miscellaneous).

#### State Appropriations



#### University-wide Appropriations



# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$269,606,289	\$227,834,451
Deposits with trustees	15,255,372	11,368,881
Short-term investments	61,474,112	44,929,455
Accounts, notes, and loans receivable, net	333,506,343	309,299,839
Interest receivable	10,399	7,211
Appropriations receivable	18,147,273	18,082,479
Grants receivable	46,976,074	48,561,205
Inventories	11,465,036	10,931,250
Other assets	6,518,585	11,913,084
<b>Total current assets</b>	<b>762,959,483</b>	<b>682,927,855</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	12,072,602	17,513,695
Deposits with trustees	110,521,386	121,439,302
Accounts, notes, and loans receivable, net	15,342,569	16,351,327
Appropriations receivable	116,698,809	105,568,397
Capital assets, net	1,846,284,083	1,669,461,488
Other assets	10,342,694	4,740,531
<b>Total noncurrent assets</b>	<b>2,111,262,143</b>	<b>1,935,074,740</b>
<b>Total assets</b>	<b>2,874,221,626</b>	<b>2,618,002,595</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	263,923,349	212,574,069
Interest payable	5,058,523	4,870,698
Student deposits	2,586,416	2,410,300
Deposits held in custody for others	2,891,149	2,074,779
Deferred revenue	39,688,468	32,286,156
Long-term liabilities-current portion	125,729,589	118,928,556
Other liabilities	4,171,212	1,283,303
<b>Total current liabilities</b>	<b>444,048,706</b>	<b>374,427,861</b>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	2,495,753,587	2,233,232,427
Refundable government loan funds	6,929,467	6,885,386
Other liabilities	9,557,433	3,360,009
<b>Total noncurrent liabilities</b>	<b>2,512,240,487</b>	<b>2,243,477,822</b>
<b>Total liabilities</b>	<b>2,956,289,193</b>	<b>2,617,905,683</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	669,189,898	634,520,583
Loans - restricted and expendable	769,941	765,043
Unrestricted	(752,027,406)	(635,188,714)
<b>Total net assets</b>	<b>(82,067,567)</b>	<b>96,912</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,874,221,626</b>	<b>\$2,618,002,595</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

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

	FOR THE YEARS ENDING JUNE 30	
	2015	2014
<b>OPERATING REVENUES</b>		
Tuition and fees	\$281,213,525	\$248,386,702
Less: scholarship allowances	(64,647,766)	(62,192,109)
<b>Net tuition and fees</b>	<b>216,565,759</b>	<b>186,194,593</b>
Federal grants and contracts	142,184,555	138,461,932
State grants and contracts	10,556,604	7,383,966
Local grants and contracts	177,345	93,286
Private grants and contracts	61,442,276	60,527,395
University hospitals and clinics	1,150,527,679	1,079,290,695
Sales and services of auxiliary enterprises:		
Residence halls, net	58,472,134	58,505,133
Other auxiliary, net	27,901,273	25,939,587
Other operating	18,168,993	31,127,816
<b>Total operating revenues</b>	<b>1,685,996,618</b>	<b>1,587,524,403</b>
<b>OPERATING EXPENSES</b>		
Instruction	400,769,909	373,244,968
Research	107,710,221	108,991,363
Public service	23,778,663	22,351,901
Academic support	79,206,072	83,861,504
Student services	44,057,528	39,017,716
Institutional support	109,083,918	108,138,741
Operation and maintenance of plant	107,121,493	100,383,885
Scholarships and fellowships	26,674,996	22,916,433
Hospitals and clinics	1,190,501,389	1,096,583,967
Residence halls	54,215,580	48,318,529
Other auxiliary	29,767,638	23,624,076
Depreciation and amortization expense	83,827,479	85,146,757
Other operating	7,031,570	237,699
<b>Total operating expenditures</b>	<b>2,263,746,456</b>	<b>2,112,817,539</b>
<b>Operating loss</b>	<b>(577,749,838)</b>	<b>(525,293,136)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	455,214,819	408,953,548
Federal and State student financial aid	49,948,881	46,430,569
Investment income, net of investment fees	4,161,466	1,672,706
Net realized and unrealized gains	337,761	2,848,029
Gifts	9,235,674	3,419,933
Interest expense on capital related debt	(49,600,592)	(45,148,243)
Loss on disposal of plant assets	(1,104,597)	(3,679,347)
Other nonoperating revenues (expenses), net	(8,792,820)	12,090,990
<b>Net nonoperating revenues</b>	<b>459,400,592</b>	<b>426,588,185</b>
<b>Income (loss) before other revenues and gains</b>	<b>(118,349,246)</b>	<b>(98,704,951)</b>
Capital appropriations		2,322
Capital gifts and grants	36,184,767	51,208,136
<b>Increase (decrease) in net assets</b>	<b>(82,164,479)</b>	<b>(47,494,493)</b>
<b>Net assets at the beginning of year</b>	<b>96,912</b>	<b>47,591,405</b>
<b>NET ASSETS AT THE END OF YEAR</b>	<b>(\$82,067,567)</b>	<b>\$96,912</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDED	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$217,904,513	\$186,651,280
Federal grants and contracts	144,256,393	137,813,650
State and local grants and contracts	10,942,007	9,984,193
Private grants and contracts	60,110,514	66,293,850
University hospitals and clinics	1,008,160,378	976,762,278
Personal service payments	(932,883,271)	(896,636,485)
Other than personal service payments	(542,863,985)	(549,818,194)
Payments for fringe benefits	(194,753,541)	(176,885,235)
Payments for scholarships and fellowships	(27,316,476)	(20,390,889)
Loans issued to students	(1,404,538)	(1,409,368)
Collection of loans to students	1,184,755	1,042,519
Residence halls, net	59,923,530	56,048,170
Other auxiliary, net	28,010,939	27,221,932
Other operating	15,172,059	9,095,780
<b>Net cash used by operating activities</b>	<b>(153,556,723)</b>	<b>(174,226,519)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>State appropriations:</b>		
Operations	175,414,764	156,141,967
Debt service	55,680,473	48,510,385
Federal and State student financial aid grants	49,948,881	46,430,569
Private gifts and grants	9,235,674	3,419,933
Repayment of short-term loans	(2,772,667)	(1,524,003)
Other receipts	24,710,141	10,156,765
<b>Net cash flows provided by noncapital financing activities</b>	<b>312,217,266</b>	<b>263,135,616</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	190,811,134	232,159,202
Capital appropriations		2,322
Capital grants and gifts received	36,184,764	51,208,136
Purchases of capital assets	(24,793,605)	(41,563,022)
Payments to contractors	(238,233,462)	(129,217,119)
Principal paid on capital debt and leases	(47,901,652)	(98,877,501)
Interest paid on capital debt and leases	(49,600,692)	(45,271,140)
Deposits with trustees	7,031,426	(11,847,080)
<b>Net cash used by capital and related financing activities</b>	<b>(126,502,087)</b>	<b>(43,406,202)</b>

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDED	
	2015	2014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest, dividends, and realized gains on investments	4,172,289	1,831,359
<b>Net cash provided by investing activities</b>	<b>4,172,289</b>	<b>1,831,359</b>
<b>Net change in cash</b>	<b>36,330,745</b>	<b>47,334,254</b>
Cash - beginning of year	245,348,146	198,013,892
<b>Cash - end of year</b>	<b>281,678,891</b>	<b>245,348,146</b>
<b>END OF YEAR CASH COMPRISED OF</b>		
Cash and cash equivalents	269,606,289	227,834,451
Restricted cash and cash equivalents	12,072,602	17,513,695
<b>Total cash - end of year</b>	<b>281,678,891</b>	<b>245,348,146</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(577,749,838)	(525,293,136)
<b>ADJUSTMENTS TO OPERATING LOSS</b>		
Depreciation and amortization expense	83,827,479	85,146,757
Fringe benefits and litigation costs provided by State	227,573,094	213,570,920
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
Receivables, net	(23,197,746)	(28,242,623)
Inventories	(533,789)	(792,611)
Other assets	(207,664)	(6,002,779)
Accounts payable, accrued expenses, and other liabilities	145,126,539	91,534,634
Deferred revenue	(7,402,312)	(2,135,111)
Student deposits	(176,116)	(55,390)
Deposits held for others	(816,370)	(1,957,180)
<b>Net cash used by operating activities</b>	<b>(153,556,723)</b>	<b>(174,226,519)</b>
<b>SUPPLEMENTAL DISCLOSURES FOR NONCASH TRANSACTIONS</b>		
New capital leases / debt agreements	190,811,134	232,159,202
Fringe benefits and litigation costs provided by the State	227,573,094	213,570,920

See accompanying notes to financial statements.

# ANNUAL FINANCIAL REPORT

## STONY BROOK UNIVERSITY COMPONENT UNITS BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$92,595,179	\$82,214,910
Accounts and notes receivable, net	6,058,352	3,654,050
Pledges receivable, net	82,925,183	115,011,535
Investments	275,569,665	240,065,623
Assets held for others	2,006,356	2,189,754
Other assets	2,339,757	2,190,830
Capital assets, net	34,571,021	38,480,663
<b>Total assets</b>	<b>496,065,513</b>	<b>483,807,365</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	11,942,161	9,330,689
Current portion of long-term debt	1,259,111	1,222,498
Deferred revenue	1,139,750	6,781,200
Deposits held for others	40,983,397	36,532,470
Long-term debt	10,594,773	11,853,885
Other liabilities	6,615,199	8,703,376
<b>Total liabilities</b>	<b>72,534,391</b>	<b>74,424,118</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Fixed assets	30,624,206	29,721,662
Campus programs	9,585,473	10,076,445
Other	10,064,004	5,524,272
Undesignated	10,193,731	7,968,606
<b>Temporarily restricted</b>		
Scholarships and fellowships	16,729,258	22,547,210
Campus programs	50,908,447	50,268,409
Research	12,288,329	14,313,943
General operations and other	127,507,047	118,224,093
<b>Permanently restricted</b>		
Scholarships and fellowships	22,688,904	21,547,258
Campus programs	99,102,798	87,155,382
Research	3,266,126	3,054,338
General operations and other	30,572,799	38,981,629
<b>Total net assets</b>	<b>423,531,122</b>	<b>409,383,247</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$496,065,513</b>	<b>\$483,807,365</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY COMPONENT UNITS STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30			2015	2014
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
<b>REVENUES</b>					
Contributions, gifts, and grants	\$1,016,466	\$37,394,313	\$7,294,453	\$45,705,232	\$53,815,789
Investment income, net	410,893	1,273,136		1,684,029	1,516,504
Net realized and unrealized gains	7,471,105	14,334,503		21,805,608	21,159,461
Food service	30,873,338			30,873,338	30,274,629
Other auxiliary services	7,251,287			7,251,287	7,231,019
Rental income	125,816	306,786		432,602	417,452
Sales and services	3,114,740	969,357		4,084,097	4,125,336
Other sources	56,413	(2,500)	4,000	57,913	40,557
Net assets released from restrictions	54,602,602	(54,602,602)			
<b>Total revenues</b>	<b>104,922,660</b>	<b>(327,007)</b>	<b>7,298,453</b>	<b>111,894,106</b>	<b>118,580,747</b>
<b>EXPENSES</b>					
Food service	24,512,588			24,512,588	23,290,685
Other auxiliary services	5,110,323			5,110,323	5,121,157
Payments to State University: Program expenses	40,073,874			40,073,874	29,224,396
Scholarships and fellowships	4,934,189			4,934,189	2,596,478
Other	11,639,179			11,639,179	49,841,915
Depreciation and amortization expense	2,735,039			2,735,039	2,813,490
Interest expense on capital-related debt	392,531			392,531	429,279
Management and general	5,461,421			5,461,421	5,044,830
Fundraising	2,887,087			2,887,087	2,609,612
<b>Total expenditures</b>	<b>97,746,231</b>			<b>97,746,231</b>	<b>120,971,842</b>
<b>Increase (decrease) in net assets</b>	<b>7,176,429</b>	<b>(327,007)</b>	<b>7,298,453</b>	<b>14,147,875</b>	<b>(2,391,095)</b>
Net assets at the beginning of year	53,290,985	205,353,655	150,738,607	409,383,247	411,774,342
Transfer of net assets		2,406,433	(2,406,433)		
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$60,467,414</b>	<b>\$207,433,081</b>	<b>\$155,630,627</b>	<b>\$423,531,122</b>	<b>\$409,383,247</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 in order 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, 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, defined in terms of a primary government (University) that is financially accountable for the organizations that make up its legal entity. Separate legal entities meeting the criteria for inclusion in the blended totals of the University reporting entity are described below.

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 years ended June 30, 2015 and 2014.

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 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 Construction Fund is included in the financial statements as of the Construction Fund's fiscal year end of March 31, 2015 and 2014. To report construction fund activities related to the University, certain methodologies are used by SUNY to allocate plant fund balances by campus.

The Faculty Student Association (FSA) is a legally separate, nonprofit corporation, which as an independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community. The Stony Brook Foundation Inc. (the Foundation) is a legally separate, nonprofit, affiliated organization that receives and holds economic resources that is significant to, and entirely for the University, and is required to be included in the reporting entity using discrete presentation requirements. As a result, the combined totals of the FSA and the Foundation are separately presented as aggregate component units 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 data for these organizations was derived from each entity's individual audited financial statements for the years ended June 30, 2015 and 2014.

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.

The 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 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; a statement of revenues, expenses, and changes in net position, that distinguish

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

between operating and nonoperating revenues and expenses; and a statement of cash flows, using the direct method of presenting cash flows from operations and other sources.

The University's policy for defining operating activities in the statement of revenues, expenses, and changes in net position is one that generally results 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 and State financial aid grants, net investment income, gifts, and interest expense.

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

### *Net investment in capital assets*

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 position component subject to externally imposed conditions that require the University to retain in perpetuity.

### *Restricted – expendable:*

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

### *Unrestricted component of net position:*

Included in unrestricted component of net position 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	\$16,054
Other auxiliary	5,114

## Deferred Outflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by a government that is applicable to a future reporting period. Deferred outflows of resources resulting from a loss in the refinancing of debt represent the difference between the reacquisition price and the net carrying amount of the old debt and is amortized over the life of the related debt.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### Compensated Absences

Employees accrue annual leave based primarily on the number of years employed with a maximum rate of 21 days per year for a maximum accumulation of 40 days.

### 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 and Research Foundation, which pay their own fringe benefit costs) at a fringe benefit rate determined by the State. The University records an expense 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 is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Service Code and is 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 2014 financial statements have been reclassified to conform to the 2015 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 which are included in short-term and long-term investments in the accompanying balance sheet.

Restricted cash and cash equivalents represent unspent funds under various capital financing arrangements, cash held for others, and cash restricted for loan programs.

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 \$0 and (b) collateralized with securities held by a pledging financial institution were \$8.3 million at June 30, 2015.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *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 non-bond proceeds which have been designated for capital projects and equipment.

### *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 position 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 position as provided for under the terms of the gift, or as unrestricted.

Investments are comprised of investments of the Research Foundation. 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 \$61 million.

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

At June 30, 2015, accounts, notes, and loans receivables were summarized as follows (in thousands):

	<b>2015</b>	<b>2014</b>
Tuition and fees	\$4,877	\$4,141
Allowance for uncollectible	(1,193)	(1,048)
<b>Net tuition and fees</b>	<b>3,684</b>	<b>3,093</b>
Room rent	979	967
Allowance for uncollectible	(268)	(283)
<b>Net room rent</b>	<b>711</b>	<b>684</b>
Patient fees, net of contractual allowances	412,821	349,637
Allowance for uncollectible	(92,481)	(82,425)
<b>Net patient fees</b>	<b>320,340</b>	<b>267,212</b>
Other, net	16,964	47,626
<b>Total accounts receivable and notes receivable</b>	<b>341,699</b>	<b>318,615</b>
Student loans	8,372	8,290
Allowance for uncollectible	(1,222)	(1,254)
<b>Total student loans receivable</b>	<b>7,150</b>	<b>7,036</b>
<b>TOTAL, NET</b>	<b>\$348,849</b>	<b>\$325,651</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 \$1.8 billion. Capital asset activity 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 2013	ADDITIONS	RETIREMENTS	JUNE 30 2014	ADDITIONS	RETIREMENTS	JUNE 30 2015
Land	\$176,016	\$2,421		\$178,437	\$734	\$28	\$179,143
Infrastructure and land improvements	139,957	24,923	3,019	161,861	5,176	1,018	166,019
Buildings	1,575,845	131,245	11,400	1,695,690	57,775	13,701	1,739,764
Equipment, library books and artwork	524,269	41,563	8,375	557,457	26,300	16,246	567,511
Construction in progress	323,062	119,779	165,326	277,515	241,463	68,242	450,736
<b>Total Capital Assets</b>	<b>2,739,149</b>	<b>319,931</b>	<b>188,120</b>	<b>2,870,960</b>	<b>331,448</b>	<b>99,235</b>	<b>3,103,173</b>
Less: accumulated depreciation:							
Infrastructure and land improvements	60,010	6,543	2,970	63,583	6,893	806	69,670
Buildings	653,477	44,923	9,965	688,435	46,579	12,148	722,866
Equipment, library books and artwork	421,729	33,901	6,149	449,481	30,595	15,723	464,353
<b>Total accumulated depreciation</b>	<b>1,135,216</b>	<b>85,367</b>	<b>19,084</b>	<b>1,201,499</b>	<b>84,067</b>	<b>28,677</b>	<b>1,256,889</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$1,603,933</b>	<b>\$234,564</b>	<b>\$169,036</b>	<b>\$1,669,461</b>	<b>\$247,381</b>	<b>\$70,558</b>	<b>\$1,846,284</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, 2015, other than facilities obligations, which are included as of March 31, 2015, total obligations are summarized in the following table (in thousands):

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

	JUNE 30, 2013	ADDITIONS	REDUCTIONS	JUNE 30, 2014	ADDITIONS	REDUCTIONS	JUNE 30, 2015	CURRENT PORTION
Long-term debt:								
Educational Facilities	\$763,181	\$68,923	\$27,867	\$804,237	\$148,154	\$28,639	\$923,752	\$30,840
Residence Hall Facilities	267,143	109,040	80,790	295,393		7,325	288,068	9,101
Capital Leases	17,888	20,500	1,859	36,529		5,946	30,583	6,102
Other long-term debt - RF	2,645		145	2,500		2,500		
Other long-term debt - Gyrodyne	23,502	4,000	4,000	23,502	4,000	4,000	23,502	4,000
Other long-term debt -SUNY 2020		20,006	0	20,006	1,986	1,992	20,000	1,996
<b>Total long-term debt</b>	<b>1,074,359</b>	<b>222,469</b>	<b>114,661</b>	<b>1,182,167</b>	<b>154,140</b>	<b>50,402</b>	<b>1,285,905</b>	<b>52,039</b>
Other long term liabilities:								
Post-employment and post-retirement	880,447	193,978	100,083	974,342	261,967	102,011	1,134,298	57,089
Loan from State	16,493	24	2,809	13,708	13	2,773	10,948	7,800
Litigation	112,987	4,262	4,356	112,893	13,291	3,235	122,949	6,251
Pensions		69,051		69,051	47,258	48,926	67,383	2,551
<b>Total other long-term liabilities</b>	<b>1,009,927</b>	<b>267,315</b>	<b>107,248</b>	<b>1,169,994</b>	<b>322,529</b>	<b>156,945</b>	<b>1,335,578</b>	<b>73,691</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$2,084,286</b>	<b>\$489,784</b>	<b>\$221,909</b>	<b>\$2,352,161</b>	<b>\$476,669</b>	<b>\$207,347</b>	<b>\$2,621,483</b>	<b>\$125,730</b>

### Educational Facilities

The University, through DASNY, has entered into financing agreements to finance various educational facilities which 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) and Sales Tax Revenue Bonds were issued for the purpose of financing capital construction and major rehabilitation for educational facilities in the amount of \$148 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.

In March 2013, the State enacted legislation amending the Public Authorities Law and Education Law of the State. The amendments, among other things, authorized the University to assign to DASNY all of the University's rights, title and interest in dormitory facilities revenues derived from payments made by students and others for use and occupancy of certain dormitory facilities. The amendments further authorize DASNY to issue Dormitory Facilities

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

Revenue Bonds payable from and secured by the dormitory facilities revenues assigned to it by the University. The enacted legislation also created a special fund to be held by the State's Commissioner of Taxation and Finance on behalf of DASNY. All of the dormitory facilities revenues collected by the University are required to be deposited in this special fund.

### 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, 2015, was \$10.9 million. During the year, \$2.8 million was paid on these loans.

## 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 Optional Retirement Program (ORP). 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 ten-member board. ORP is a multiple-employer, defined contribution plan administered by separate vendors – TIAA-CREF, Fidelity, Metropolitan Life, VALIC, and VOYA. 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. ERS and TRS provide retirement benefits as well as death and disability benefits. Benefits generally vest after five years of credited service, or after ten years of service for those joining after January 1, 2010. 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.

ORP 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.

For the hospital's cost-sharing multiple employer pension plans, the University has implemented in 2015 GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68). The hospital is considered a participating employer of the New York State and Local Retirement System (ERS) and New York State Teachers' Retirement System (TRS) pension plans. This Statement requires that a portion of the Plan's net pension liability

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

(asset), as well as deferred inflows and outflows from pension activities be reflected in the reported amounts on the balance sheet. As a result, the University has recorded a participating proportion of the net pension asset and liability of the TRS and ERS plans, respectively.

The Research Foundation maintains a separate non-contributory plan through TIAA/CREF for substantially all of its nonstudent employees. Employees become fully vested in contributions made by the Research Foundation after one year of service, which are allocated to individual employee accounts. Employer contributions are based on a percentage of regular salary and range from 8 percent to 15 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 12 percent for enrollee coverage and 27 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, 2015, is as follows (in thousands):

Annual required contribution and annual OPEB cost	\$186,146
Benefits paid during year	45,408
<b>Increase in OPEB Obligation</b>	<b>140,738</b>
Net obligation at beginning of year	856,690
<b>NET OBLIGATION AT END OF YEAR</b>	<b>\$997,428</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 3.2 percent discount rate, payroll growth rate of 3.0 percent, and an annual healthcare cost trend rate for medical coverage of 8.3 percent initially, reduced by decrements to a rate of 4.8 percent after seven years. Projections of benefits are based on the plan and include the types of benefits provided at the time of each valuation. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of future events. The actuarial methods and assumptions used are designed to reduce short-term volatility in reported amounts and reflect a long-term perspective.

The Research Foundation sponsors a separate single employer defined benefit post-retirement plan (Plan) that covers substantially all non-student employees. The plan provides post-retirement medical benefits and is contributory for employees hired after 1985. In fiscal years 2011 and 2013, the Research Foundation amended the plan to increase the participant contribution rates for those hired after 1985 with the specific rates to be determined based on an employee's years of service.

Contributions by the Research Foundation are made pursuant to a funding policy established by its Board of Directors. Assets are held in a Voluntary Employee Benefit Association (VEBA) trust and are considered plan assets in determining the funded status or funding progress of the plan under GASB reporting and measurement standards. The Research Foundation post-retirement obligation for the year ended June 30, 2015 was \$64.5 million.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *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 \$10.5 million. The following is a summary of the future minimum rental commitments under non-cancelable real property and equipment leases with terms exceeding one year (in thousands):

<b>YEARS ENDING JUNE 30,</b>	
2016	\$10,137
2017	7,799
2018	6,522
2019	6,064
2020	4,786
2021-25	9,106
<b>TOTAL</b>	<b>\$44,414</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 medical malpractice liability includes incurred but not reported (IBNR) loss estimates. The estimate of IBNR losses is actuarially determined based on historical experience using a discounted present value of estimated future cash payments. The University has recorded a liability and a corresponding appropriation receivable of approximately \$123 million at June 30, 2015.

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. 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. State appropriations take the form of direct assistance, debt service on educational facility and PIT bonds, fringe benefits for State employees, and litigation expenses for which the State is responsible. State appropriations totaled \$455 million and \$409 million and represented approximately 20.3 percent and 19.3 percent of total revenues for the 2015 and 2014 fiscal years, respectively. The University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### *12. Condensed Financial Statement Information of the Research Foundation*

The condensed financial statement information of the Research Foundation, contained in the combined totals of the University reporting entity in accordance with GASB accounting and reporting requirements, is shown below (in thousands):

<b>CONDENSED BALANCE SHEET</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets	\$115,552	\$104,435
Capital assets	8,967	8,671
Other assets	2,222	4,741
<b>Total assets</b>	<b>126,741</b>	<b>117,847</b>
<b>LIABILITIES</b>		
Current liabilities	50,594	51,067
Noncurrent liabilities	137,669	99,427
<b>Total liabilities</b>	<b>188,263</b>	<b>150,494</b>
<b>NET POSITION</b>		
Invested in capital assets, net	15,473	6,036
Unrestricted	(76,995)	(38,683)
<b>Total net position</b>	<b>(61,522)</b>	<b>(32,647)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$126,741</b>	<b>\$117,847</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
<b>OPERATING REVENUES</b>		
Federal grants and contracts	\$136,990	\$129,159
State Grants and Contracts	8,713	7,549
Private Grants and Contracts	21,114	17,133
Other operating revenues	24,235	36,600
<b>Total operating revenues</b>	<b>191,052</b>	<b>190,441</b>
<b>EXPENSES</b>		
Instruction	14,193	14,888
Research	108,050	106,715
Public service	13,246	11,750
Institutional support	44,044	50,029
Other operating expenses	1,994	2,001
Depreciation and amortization expense	1,611	1,665
<b>Total operating expenses</b>	<b>183,138</b>	<b>187,048</b>
Operating Income	7,914	3,393
Net nonoperating revenues/(expenses)	(36,789)	1,845
Increase (decrease) in net position	(28,875)	5,238
Net position at the beginning of year	(32,647)	(37,885)
<b>NET POSITION AT THE END OF YEAR</b>	<b>\$(61,522)</b>	<b>\$(32,647)</b>
<b>RF CONDENSED STATEMENT OF CASH FLOWS</b>		
Cash flows from operating activities	\$(1,782)	\$2,849
Cash flows from capital and related financing activities	(1,921)	(4,240)
Cash flows from investing activities	3,733	1,358
<b>Net change in cash</b>	<b>30</b>	<b>(33)</b>
Cash - beginning of year	37	70
<b>CASH - END OF YEAR</b>	<b>\$67</b>	<b>\$37</b>

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### *13. 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.

#### *14. Subsequent Events*

In July 2015, SUNY issued Personal Income Tax Revenue Bonds totaling \$408.6 million for the purpose of financing capital construction and major rehabilitation for educational facilities. The University's share of these obligations can not be estimated at this time.

#### *15. Component Units*

The reported totals of the discretely presented component units include the campus related Foundation and the auxiliary service entity, the Faculty Student Association (FSA). The Foundation is a nonprofit organization responsible for the fiscal administration of revenues and support received for the promotion, development and advancement of the welfare of the University and its students, faculty, staff and alumni. The Foundation receives the majority of their support and revenues through contributions, gifts and grants and provides benefits to their campus, students, faculty, staff and alumni. The FSA is a campus-based, legally separate, nonprofit organization which, as independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community.

These organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for these organizations was derived from each entity's individual audited 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 \$16.5 million to the University, principally for scholarships.

#### **Net Asset Classifications**

Unrestricted net position represents 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.

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### 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 University discretely presented component units were \$276 million as of June 30, 2015.

### 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 \$34.6 million as of June 30, 2015. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$1,513
Buildings	36,251
Equipment	12,918
Artwork and library books	6,329
Construction in progress	1,084
<b>Total capital assets</b>	<b>58,095</b>
Less accumulated depreciation	23,524
<b>CAPITAL ASSETS, NET</b>	<b>\$34,571</b>

### Long-term Debt

The component units have entered into various financing arrangements, through the issuance of Industrial Development Agency, Local Development Corporation, and Housing Authority bonds, for the construction of student residence hall facilities and a day care center. The following is a summary of the future minimum annual debt service requirements for the next five years and thereafter (in thousands):

<b>YEARS ENDING JUNE 30</b>	
2016	\$1,259
2017	1,292
2018	1,330
2019	1,369
2020	1,409
Thereafter	5,195
<b>TOTAL</b>	<b>\$11,854</b>

# ANNUAL FINANCIAL REPORT

## NOTES TO FINANCIAL STATEMENTS

### Condensed Financial Statement Information

The table below displays the combined totals of the Foundation and auxiliary services corporation (FSA) (in thousands):

<b>COMBINED BALANCE SHEETS</b>						
	<b>FOUNDATION</b>	<b>FSA</b>	<b>2015 TOTAL</b>	<b>FOUNDATION</b>	<b>FSA</b>	<b>2014 TOTAL</b>
<b>ASSETS</b>						
Investments	\$266,126	\$9,444	\$275,570	\$230,952	\$9,114	\$240,066
Capital assets, net	12,396	22,174	34,570	14,815	23,665	38,480
Other assets	159,792	26,133	185,925	179,722	25,539	205,261
<b>Total assets</b>	<b>438,314</b>	<b>57,751</b>	<b>496,065</b>	<b>425,489</b>	<b>58,318</b>	<b>483,807</b>
<b>LIABILITIES</b>						
Current liabilities	48,433	12,247	60,680	46,609	14,739	61,348
Long-term debt/notes	1,435	10,419	11,854	1,625	11,451	13,076
<b>Total liabilities</b>	<b>49,868</b>	<b>22,666</b>	<b>72,534</b>	<b>48,234</b>	<b>26,190</b>	<b>74,424</b>
<b>NET ASSETS</b>						
Unrestricted	25,382	35,085	60,467	21,163	32,128	53,291
Temporarily restricted	207,433		207,433	205,353		205,353
Permanently restricted	155,631		155,631	150,739		150,739
<b>Total Net Assets</b>	<b>388,446</b>	<b>35,085</b>	<b>423,531</b>	<b>377,255</b>	<b>32,128</b>	<b>409,383</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$438,314</b>	<b>\$57,751</b>	<b>\$496,065</b>	<b>\$425,489</b>	<b>\$58,318</b>	<b>\$483,807</b>
<b>COMBINED STATEMENT OF ACTIVITIES</b>						
<b>REVENUES</b>						
Contributions, gifts and grants	\$45,705		\$45,705	\$53,816		\$53,816
Food and auxiliary services		\$38,125	38,125		\$37,506	37,506
Sales and services	4,084		4,084	4,125		4,125
Other revenue	23,555	425	23,980	22,201	933	23,134
<b>Total revenues</b>	<b>73,344</b>	<b>38,550</b>	<b>111,894</b>	<b>80,142</b>	<b>38,439</b>	<b>118,581</b>
<b>EXPENSES</b>						
Food and auxiliary services		29,623	29,623		28,412	28,412
Program expenses	39,698	376	40,074	28,797	427	29,224
Other expenses	22,455	5,594	28,049	57,581	5,755	63,336
<b>Total expenses</b>	<b>62,153</b>	<b>35,593</b>	<b>97,746</b>	<b>86,378</b>	<b>34,594</b>	<b>120,972</b>
<b>Total change in net assets</b>	<b>11,191</b>	<b>2,957</b>	<b>14,148</b>	<b>(6,236)</b>	<b>3,845</b>	<b>(2,391)</b>
Net assets at the beginning of year	377,255	32,128	409,383	383,491	28,283	411,774
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$388,446</b>	<b>\$35,085</b>	<b>\$423,531</b>	<b>\$377,255</b>	<b>\$32,128</b>	<b>\$409,383</b>

Stony Brook University/SUNY is an affirmative action, equal opportunity educator and employer.  
This publication is available in alternative format upon request. 15100690

Photo credits: Arthur Fredericks, Sam Levitan, Kathleen Malone-Van Dyke, Brett Simison, Pete Thompson/Utopia The Agency, Stony Brook University and courtesy of Sonia Harmand, PhD



Stony Brook  
University