

STONY BROOK UNIVERSITY



Stony Brook  
University

# ANNUAL FINANCIAL REPORT

2017–2018







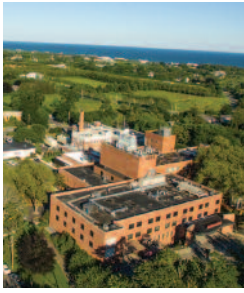
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ON THE COVER: Stony Brook celebrated its largest, most diverse graduating class at its 58th Commencement ceremony on May 18, 2018.

ON THE INSIDE COVER (clockwise): Computer science students receive an interdisciplinary education in a collegial atmosphere; Stony Brook offers ample opportunities for research and experiential learning; Eric Rashba, MD, director of Stony Brook University Hospital's Heart Rhythm Center, holds the world's smallest cardiac pacemaker, which has been implanted in nearly a dozen patients; the women's lacrosse team enjoyed a record-breaking journey to the NCAA Tournament; Distinguished Professor Arie Kaufman, Department of Computer Science (left), and Distinguished Professor Clinton Rubin, Department of Biomedical Engineering, were named fellows of the National Academy of Inventors.

ABOVE (from left): Art and education benefactor Dorothy Lichtenstein was honored at the Stars of Stony Brook Gala, which raised \$7.1 million to support creative writing and film programs and scholarships; the discovery in Kenya of an intact fossil infant ape skull by an international team led by Isaiah Nengo of Stony Brook's Turkana Basin Institute reveals what the common ancestor of all living apes and humans may have looked like; Distinguished Professor Esther Takeuchi, Department of Materials Science and Chemical Engineering, won the European Inventor Award for her compact batteries.



**Southampton Hospital joined Stony Brook Medicine to improve healthcare quality and access for patients across Long Island’s East End.**



**Stony Brook ecologist Heather Lynch led an international team that used drones to discover a supercolony of Adélie penguins in Antarctica — an exciting find, as the species was thought to be succumbing to climate change.**



**Stony Brook received a \$1 million grant from the Howard Hughes Medical Institute to create faculty learning communities to support diversity and inclusion in STEM education.**



## Transforming Our World

In 2017–2018, Stony Brook University reaffirmed its position as a world-class institution, bolstered by its unparalleled interdisciplinary research, strategic collaborations and intellectual capital. The University’s incredible momentum continues to yield extraordinary results as its people, discoveries and technological innovations continue to transform our society.

Stony Brook’s success is reflected in its rankings, philanthropic endeavors, faculty achievements, groundbreaking innovations, partnerships and athletics prowess. To be sure, Stony Brook is achieving feats that are shattering barriers, exceeding expectations and setting the stage for the world of tomorrow.

### RANKINGS AND RECOGNITION

Stony Brook was recognized as being among the best 200 universities in the world by two publications: *Center for World University Rankings* (No. 128) and *U.S. News & World Report* (No. 166). The latter publication also gave the University high marks on the national level, ranking it 97th among U.S. colleges and universities and 41st among U.S. public universities.

The University also was lauded for offering a world-class education without high student debt. *Forbes* magazine released its 2018 “Best Value Colleges” list and ranked Stony Brook among the top 20 public colleges and universities — the highest-ranked institution in the State University of New York (SUNY) system.

### PHILANTHROPY AND FUNDRAISING

The University concluded the most successful fundraising effort in SUNY history. The Campaign for Stony Brook raised \$630.7 million from 47,961 friends, alumni, foundations and corporations, exceeding its \$600 million goal by 5 percent. In addition to raising a historic amount of funds, the Campaign will help the University continue to provide a first-rate education at an affordable cost, attract academic leaders across all disciplines and stimulate more innovation in the classroom.

The 2018 Stars of Stony Brook Gala raised a record \$7.1 million — including \$5 million from Gala honoree Dorothy Lichtenstein, president of the Roy Lichtenstein Foundation and a Stony Brook Foundation board trustee — to support Stony Brook Southampton’s creative writing and film programs, student scholarships and educational initiatives.

The Island Federal Business Lab formally opened, the result of a \$3 million gift from Island Federal. The lab is a resource for faculty to conduct multidisciplinary research on topics as diverse as developmental consumer psychology and the influence of gender on negotiation outcomes. The lab is located on the third floor of Harriman Hall,

### FACULTY HONORS

In 2017–2018, Stony Brook’s prestigious faculty continued to win major recognition and elevate the profile of the institution. Among them are:

- Russ Mittermeier (Anatomical Sciences), who was awarded the Indianapolis Award, which recognizes the world’s leading heroes of conservation and environmental sustainability.

- Patricia Wright (Anthropology), who was named a Natural World Hero by wildlife travel service Natural World Safaris for her research and conservation work.
- Esther Takeuchi (Materials Science and Chemical Engineering), who won the European Inventor Award.
- Arie Kaufman (Computer Science) and Clinton Rubin (Biomedical Engineering), both of whom were elected to the National Academy of Inventors.
- Susan E. Brennan (Psychology), Chang Kee Jung (Physics) and Nancy C. Reich (Molecular Genetics and Microbiology), all of whom were named fellows of the American Association for the Advancement of Science.
- Marilena Loverde (Physics and Astronomy), Jason Trelewicz (Materials Science and Chemical Engineering) and Anja von der Linden (Physics and Astronomy) all of whom received the prestigious Early Career Award from the Department of Energy Office of Science.

## GROUNDBREAKING DISCOVERIES/TECHNOLOGY

Stony Brook’s faculty and student researchers remained steadfast in advancing knowledge. Some of their recent findings and technological breakthroughs include:

- Unearthing a 13-million-year-old infant ape skull in Kenya that may reveal the common ancestor of all living apes and humans.
- Implanting the world’s smallest cardiac pacemaker.
- Discovering a gene in a fungus species that can endanger transplant recipients, people infected with HIV and others with suppressed immune systems.

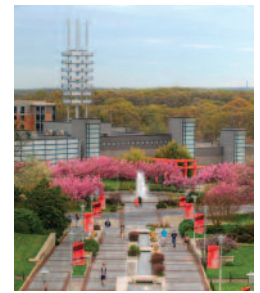
## SUPPORTING INNOVATION

Stony Brook University was awarded a \$75 million state grant to build the 70,000-square-foot Institute for Discovery and Innovation in Medicine & Engineering (I-DIME). Key to the development of an innovation economy, I-DIME “will provide a place where cutting-edge academic research and data analytic support come together with private-sector ingenuity to solve some of the most challenging problems,” said Stony Brook University President Samuel L. Stanley Jr. The building will be constructed in the Research and Development Park and is expected to open in 2021.

The Office of Naval Research awarded \$3.5 million to Department of Computer Science researchers to support a process that could help guard against security breaches that threaten the privacy and integrity of personal data. By employing “debloating” — the process of removing and streamlining code — the researchers aim to enhance software performance and security.

## CREATIVE COLLABORATIONS

Stony Brook University and National Grid have established the Integrated Gas Energy Technology Institute, a consortium of academic and industry leaders. Located in the University’s Advanced Energy Research and Technology Center, I-GIT serves as an independent source of information and analysis on gas technology and related policies. Its focus is to find clean, affordable energy solutions, support advanced concepts in



**Forbes magazine named Stony Brook — one of only two Long Island employers — to its America’s Best Employers list.**

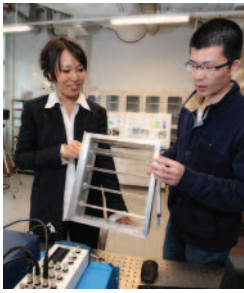


**The FDA approved a cavity-detection device developed and patented by Stony Brook researchers to diagnose and monitor lesions in enamel too small to be detected by x-rays.**



**Stony Brook opened the China Center, a centralized hub for the University’s China initiatives. The center will help to deepen strategic relationships with partner universities.**





**The College of Engineering and Applied Sciences received \$1 million from the U.S. Department of Energy to develop an occupancy sensing solution for residential homes.**



**Stony Brook’s new LGBTQ\* Center provides an open workspace for students and technologies that support collaborative learning.**



**Stony Brook’s Center for Biotechnology was selected to participate in a federal program designed to identify and support solutions to health security threats.**



gas technology development and deployment for homes and businesses, and enable a sustainable and safe environment through cross-disciplinary collaboration.

Bolstered by a \$5 million grant from the Simons Foundation, Stony Brook University and Brookhaven National Laboratory have partnered to establish the Center for Frontiers of Nuclear Science. The new center is slated to become a leading international research and educational hub for quantum chromodynamics, a branch of theoretical physics that investigates how quarks and gluons interact as fundamental elements of matter.

In its ongoing efforts to promote convergence science — the integration of medicine and engineering — the College of Engineering and Applied Sciences and School of Medicine hosted Terrence Sejnowski, professor and head of the Computational Neurobiology Laboratory at The Salk Institute for Biological Studies, as part of its engineering-driven medicine distinguished lecture series. Convergence science confronts the big unanswered questions in healthcare and enables technologies that seek to revolutionize healthcare delivery.

## **ADMINISTRATIVE APPOINTMENTS**

Ernest Baptiste joined Stony Brook Medicine as chief executive officer of Stony Brook University Hospital effective November 2017. With more than 25 years’ experience in hospital administration, Baptiste has held a number of leadership positions in executive-level management and hospital operations. Prior to coming to Stony Brook Medicine, Baptiste was chief executive officer of NYC Health + Hospitals/Kings County.

Steven Skiena, Distinguished Professor in the Department of Computer Science, was named director of the recently formed Institute for AI-Driven Discovery and Innovation in the College of Engineering and Applied Sciences. In his new role, Skiena will spearhead efforts to develop and facilitate educational programs aimed at fueling the workforce for the AI-driven economy of the future.

## **ATHLETICS EXCELLENCE**

Stony Brook’s women’s athletics teams achieved major milestones in 2017–2018:

- The volleyball team claimed its first America East Championship after defeating second-seeded Binghamton 3-0. The win marked the second sweep of the postseason for the Seawolves. The Seawolves became the first fourth-seeded team ever to win the title.
- The soccer team advanced to the NCAA Tournament for just the second time in program history after topping Vermont 2-1 in the 2017 America East Women’s Soccer Championship.
- The lacrosse program finished a historic season that featured a school-record 20-game winning streak and brought the Seawolves its sixth straight America East title, tying a league record. Heading into NCAA Tournament action, the Seawolves had been ranked No. 1 nationally in all three major Division I polls for 11 straight weeks and finished the year leading the nation in six major Division I categories.

The men’s lacrosse team also finished a spectacular season as America East regular season co-champions, sharing the title with Albany. This marked the fifth America East regular season title for the Seawolves, which have earned the two-seed in the conference championships.

## LETTER TO THE PRESIDENT

April 23, 2019

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 the State University of New York (hereafter referred to as SUNY) and Stony Brook University (hereafter referred to as the University) set forth the financial condition of the University at June 30, 2018, 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 audited annual financial report of SUNY as a component unit. During 2018, SUNY adopted GASB Statement No. 75 which establishes revised accounting and financial reporting for other postemployment benefit (OPEB) plans. As a result of adopting this pronouncement, SUNY has restated the beginning net position as of July 1, 2016, and the related amounts on the statements of revenues, expenses, and changes in net position for the year ended June 30, 2017. 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 Stony Brook University Hospital and 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 is not audited but 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, appearing to read "K.M. Byington", with a long horizontal flourish extending to the right.

Kathleen M. Byington  
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, Children's Hospital and Health Science Center, the Long Island State Veterans Home, Southampton Hospital, 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 2018 Revenues**                      **\$2.84 Billion**

**Fiscal 2018 Expenditures**              **\$2.79 Billion**

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

Tuition and Fees	\$263.8
State Appropriations	541.5
Federal Grants	160.8
State, Local and Private Grants, and Other	97.9
Auxiliary Services	102.6
Hospital	1,588.4
Nonoperating	83.3

**Research Awards**                              **\$211.97 Million**  
**Foundation Revenue**                      **\$93.41 Million**

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

Federal	\$147.3
Philanthropic (Private)	22.8
State and Local	11.0
Other	30.9

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

Gifts and Gifts-in-Kind	\$58.6
Other	34.8
Net Assets-Endowment	245.0
Total Net Assets	469.7
Endowment Rate of Return	8.1%



## Economic Impact

The entrepreneurial energy and economic strength of the University bring a combined benefit of \$7.2 billion and 54,600 jobs 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 44 companies. The University is the largest single-site employer on Long Island, with more than 16,000 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)	16,110
Academic	3,847
Non-Academic	4,787
Hospital	7,476
Average Monthly Payroll	\$90.2 million

### Student Enrollment (Fall 2018)

Total Student Enrollment	26,254
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#### Undergraduate

Total Undergraduate Students	17,522
West Campus	16,457
HSC Campus	1,065
High School GPA Percent	94
Average SAT Score	1,310

#### Graduate and Advanced Degrees

Total Graduate Students	8,732
West Campus	5,763
HSC Campus	2,969

### Tuition and Fees (Fall 2018-Spring 2019)

#### Undergraduate and Graduate

Undergraduate NYS	\$12,980
Undergraduate Nonresident	30,650
Graduate NYS	16,363
Graduate Nonresident	27,923
Graduate MBA NYS	20,123
Graduate MBA Nonresident	29,663

#### HSC Professional

Medical NYS	\$49,869
Medical Nonresident	72,009
Dental NYS	52,614
Dental Nonresident	79,734
Physical Therapy NYS	29,663
Physical Therapy Nonresident	35,973

## FINANCIAL HIGHLIGHTS

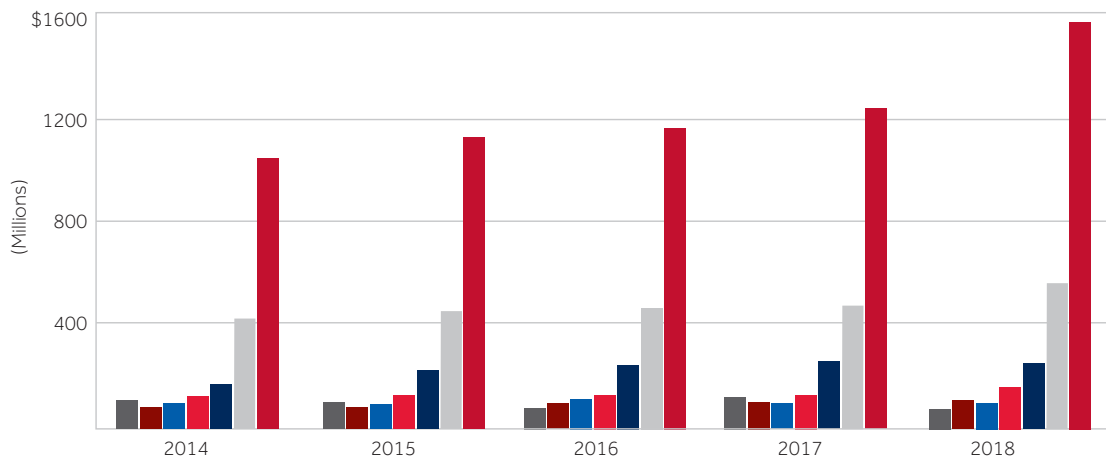
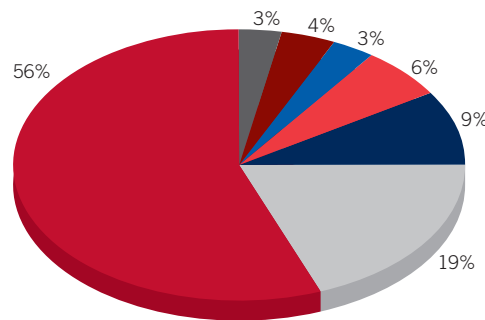
### Revenue Results

Total revenues were \$2,838,376,641 and \$2,470,930,179 for the 2018 and 2017 fiscal years, respectively. The \$367 million revenue increase in 2018 resulted from the following:

- Hospital revenues exceeded 2017 by \$347 million due to the Affiliation agreement with Southampton Hospital and increases in patient revenue and Medicaid Disproportionate Share program revenue, net of receivable reserves.
- State appropriations increased by \$65 million to support hospital litigation costs, debt on educational facilities and fringe benefits.
- Federal, state, local and private grants administered by the Research Foundation increased \$21 million.
- Nonoperating revenues decreased by \$66 million due to pension funding of the prior year.

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

### 2018 Revenues



	2014	2015	2016	2017	2018
Nonoperating	\$117,672,685	\$99,868,549	\$69,711,773	\$149,405,058	\$83,330,595
Auxiliary enterprises	84,444,720	86,373,407	89,762,156	100,286,952	102,573,776
State, local, and private grants and contracts, and other	99,132,463	90,345,218	93,493,474	94,543,108	97,947,713
Federal grants and contracts	138,461,932	142,184,555	141,234,475	142,812,498	160,813,471
Tuition and fees	186,194,593	216,565,759	244,593,192	266,628,173	263,832,341
State appropriations	408,953,548	455,214,819	470,745,983	476,035,974	541,480,519
Hospital and clinics	1,079,290,695	1,150,527,679	1,170,234,874	1,241,218,416	1,588,398,226

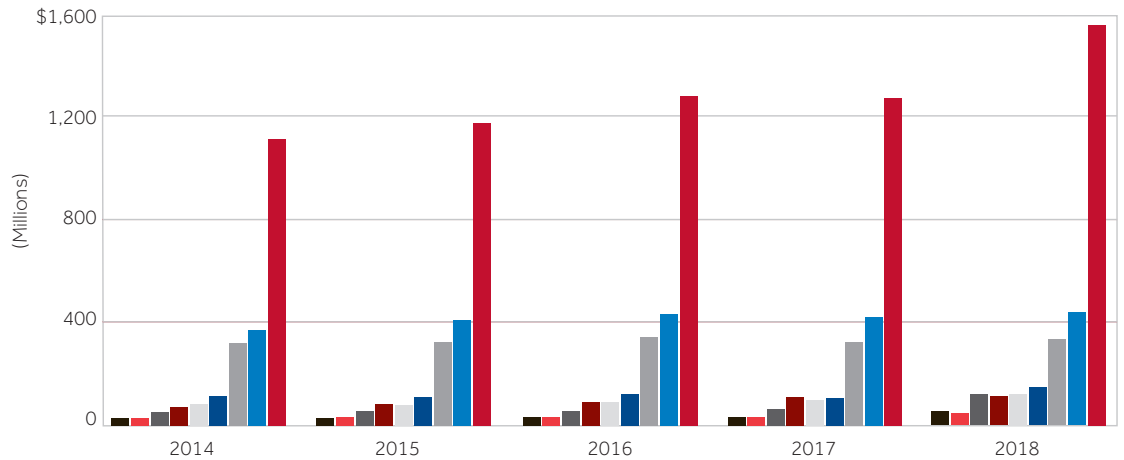
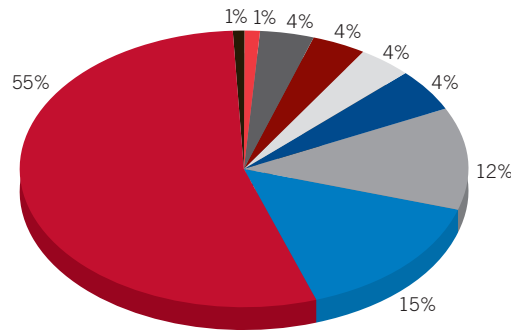
### Expenditure Results

Expenditure totals were \$2,790,561,966 and \$2,391,541,018 for 2018 and 2017, respectively. The \$399 million expenditure increase was primarily attributable to the following:

- Hospital expenditures increased by \$294 with additional costs associated with Southampton Hospital and increases in personal service costs and other than personal service costs.
- Nonoperating expenditures increased \$47 million due to the hospital's matching state payment for Disproportionate Share Hospital (DSH).
- Research expenditures increased \$23 million.
- Instruction expenditures increased \$16 million from retroactive contractual salary and other than personal service costs.
- Depreciation expenditures increased \$16 million due to building and equipment additions, mainly for the hospital and dormitory.

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

### 2018 Expenditures



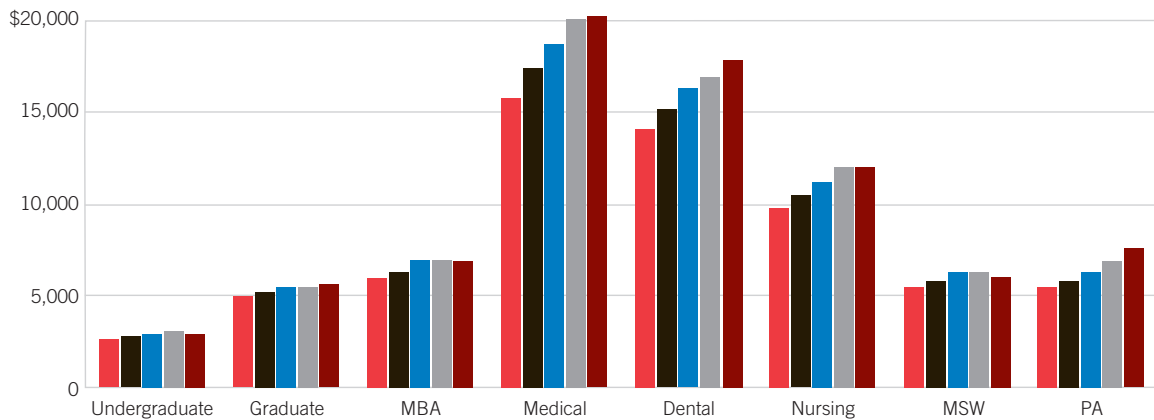
	2014	2015	2016	2017	2018
Public service	\$22,351,901	\$23,778,663	\$27,185,116	\$23,478,828	\$30,014,096
Scholarships and fellowships	22,916,433	26,674,996	25,727,426	23,821,739	29,229,180
Nonoperating	48,827,590	59,498,009	59,604,375	61,138,308	108,071,162
Auxiliary enterprises	71,942,605	83,983,218	85,581,054	96,665,620	98,595,577
Depreciation expense	85,146,757	83,827,479	86,006,061	91,490,830	107,210,549
Research	108,991,363	107,710,221	112,967,711	95,990,518	118,571,690
Support services	331,639,545	346,500,581	357,409,606	344,716,278	335,252,371
Instruction	373,244,968	400,769,909	410,333,037	401,843,584	417,872,762
Hospital and clinics	1,096,583,967	1,190,501,389	1,254,465,216	1,252,395,313	1,545,744,579

## FINANCIAL HIGHLIGHTS

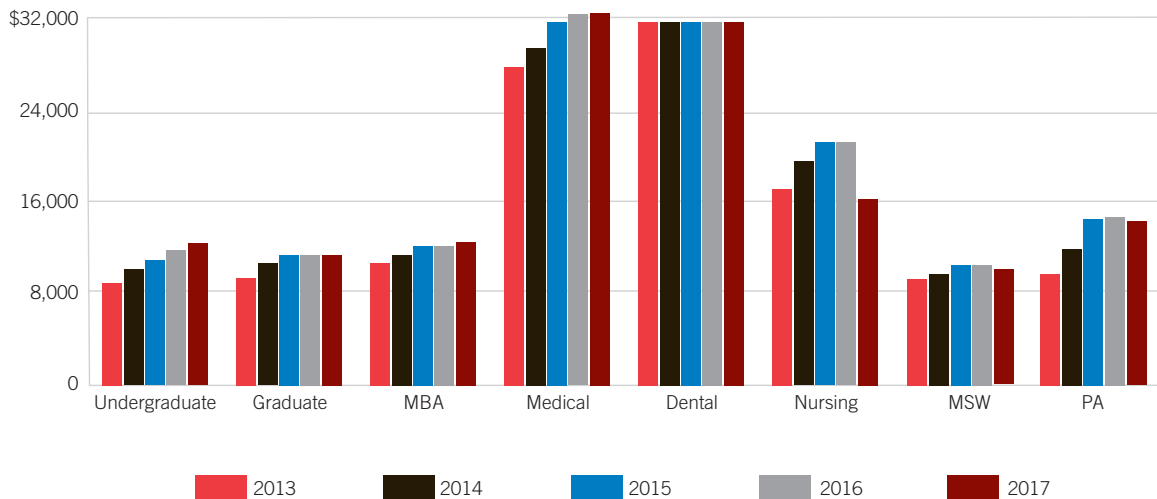
### Tuition Revenue Graphs

These graphs trend tuition rates based on residency status for Fall 2013 through Fall 2017. 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 SUNY 20/20, total rates for 2013 through 2017 have increased an average of 6 percent and 4 percent for resident and non-resident students, respectively.

#### Fall Resident Tuition Rates



#### Fall Non-Resident Tuition Rates

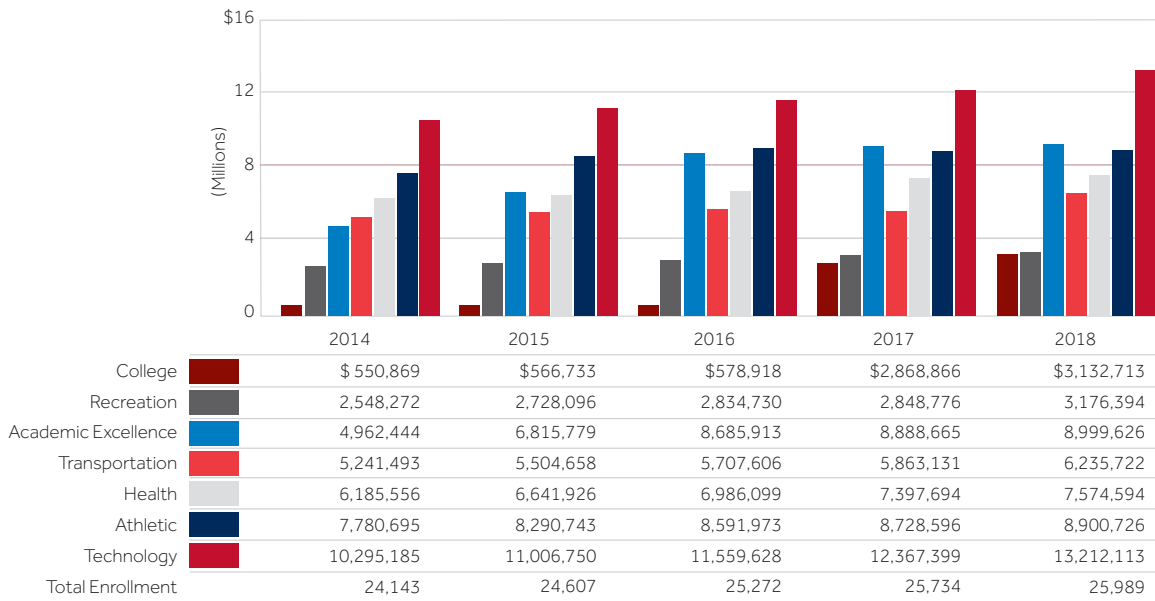


## Comprehensive Fee Revenue

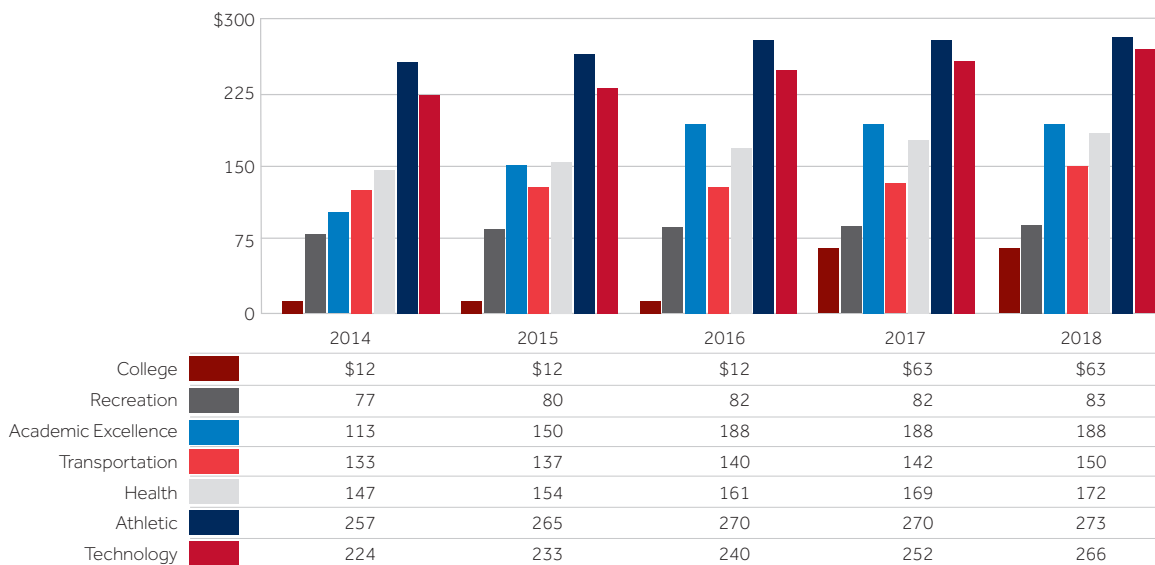
The comprehensive fee is a mandatory fee that is billed to all students, unless they meet waiver requirements. The comprehensive fee consists of these fee components: academic excellence, college, transportation, health services, athletic, technology and recreation fees. With the exception of the athletic and recreation fees which are 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 2014 through 2018 have increased proportionate to the services they support.

### Comprehensive Fee Revenue



### Comprehensive Fee Full-time Single Semester Rates



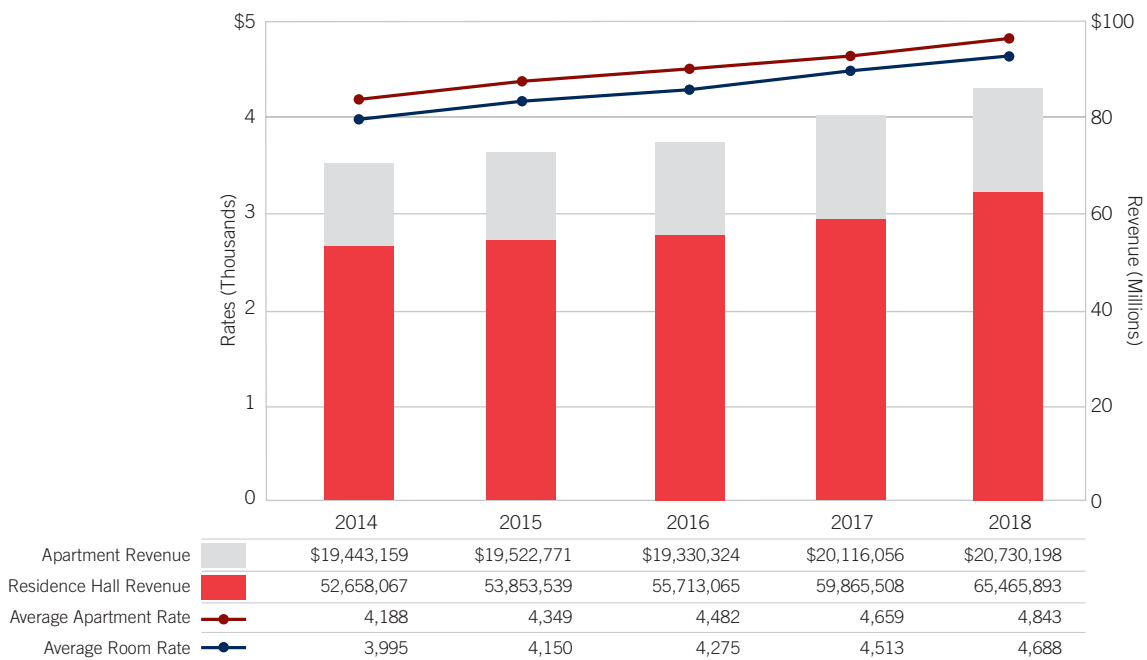
## FINANCIAL HIGHLIGHTS

### 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.

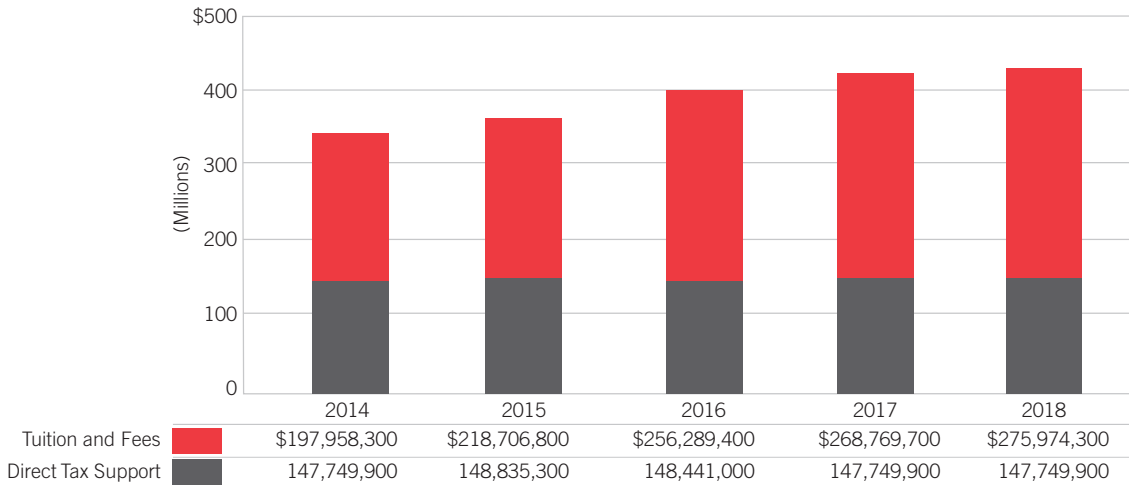
Below is a graph of apartment and residence hall revenue and rates for the fiscal years 2014 through 2018. From 2014 through 2018, apartment and resident hall rates have increased on average by 4 percent.

### Apartment and Residence Hall Rates and Revenue



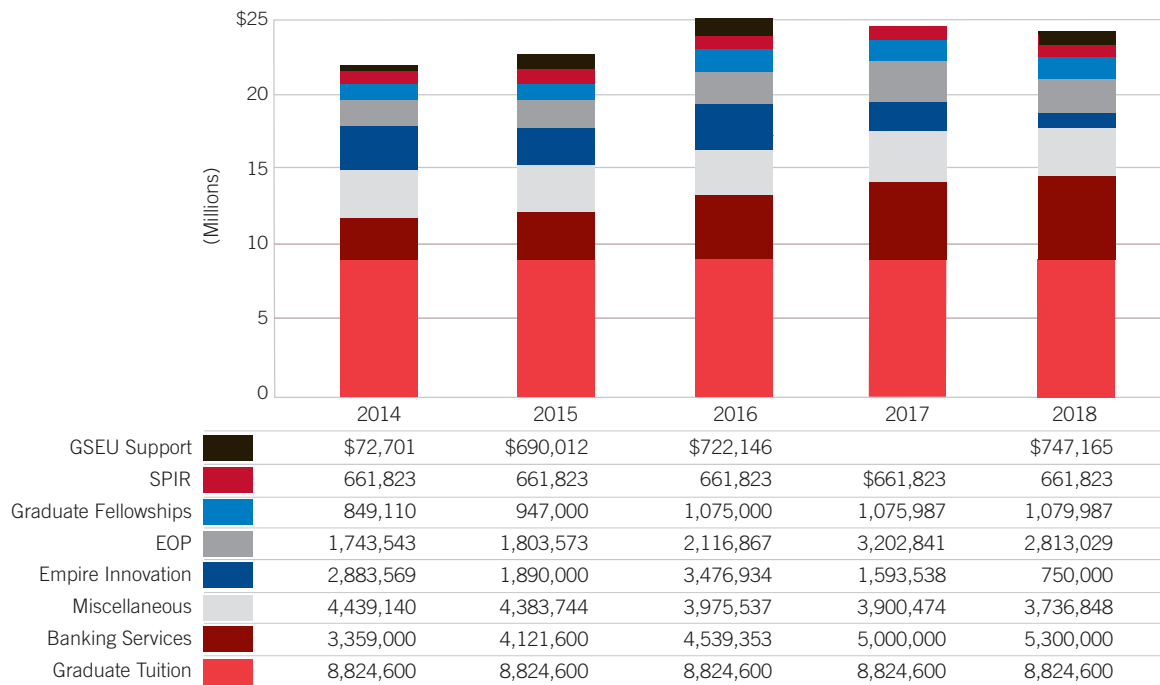
### Financial Plan Resources

The University receives State appropriations to support its core operating budget in the form of direct tax support and from tuition and fees. The following graph illustrates the Financial Plan distributions for the period from 2014 through 2018.



### University-wide Special Program Appropriations

The University receives University-wide appropriations earmarked for special programs. As documented in the following graph, total special program appropriations increased by 5 percent.



## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$410,808,367	\$224,785,390
Deposits with trustees	22,541,276	26,323,779
Short-term investments	112,519,303	91,927,834
Accounts, notes, and loans receivable, net	301,242,605	293,111,119
Interest receivable	521,574	147,881
Appropriations receivable	23,004,862	17,367,183
Grants receivable	38,354,783	36,225,827
Inventories	14,508,899	12,768,847
Other assets	17,592,333	6,865,877
<b>Total current assets</b>	<b>941,094,002</b>	<b>709,523,737</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	33,459,228	36,442,451
Deposits with trustees	11,348,491	41,310
Accounts, notes, and loans receivable, net	6,012,574	10,183,585
Appropriations receivable	172,533,920	124,271,023
Capital assets, net	2,368,455,076	2,220,733,942
Other assets	2,856,796	2,679,307
<b>Total noncurrent assets</b>	<b>2,594,666,085</b>	<b>2,394,351,618</b>
<b>Total assets</b>	<b>3,535,760,087</b>	<b>3,103,875,355</b>
Deferred outflows of resources	64,908,574	83,937,623
<b>Total assets and deferred outflows of resources</b>	<b>3,600,668,661</b>	<b>3,187,812,978</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	411,338,459	321,569,831
Interest payable	5,349,434	5,500,747
Student deposits	2,642,350	2,559,700
Deposits held in custody for others	6,274,250	5,206,354
Deferred revenue	55,071,544	47,822,634
Long-term liabilities-current portion	143,365,010	140,495,439
Other liabilities	31,616,455	2,854,546
<b>Total current liabilities</b>	<b>655,657,502</b>	<b>526,009,251</b>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	4,060,293,868	4,064,463,123
Refundable government loan funds	6,763,487	6,910,371
Other liabilities	7,867,483	6,229,131
<b>Total noncurrent liabilities</b>	<b>4,074,924,838</b>	<b>4,077,602,625</b>
<b>Total liabilities</b>	<b>4,730,582,340</b>	<b>4,603,611,876</b>
Deferred inflows of resources	478,672,503	240,601,959
<b>Total liabilities and deferred inflows of resources</b>	<b>5,209,254,843</b>	<b>4,844,213,835</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	824,026,742	743,104,474
Loans - restricted and expendable	751,499	767,819
Unrestricted	(2,433,364,423)	(2,400,273,150)
<b>Total net position</b>	<b>(1,608,586,182)</b>	<b>(1,656,400,857)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$3,600,668,661</b>	<b>\$3,187,812,978</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	
	2018	2017
<b>OPERATING REVENUES</b>		
Tuition and fees	\$341,069,911	\$331,553,712
Less: scholarship allowances	(77,237,570)	(64,925,539)
<b>Net tuition and fees</b>	<b>263,832,341</b>	<b>266,628,173</b>
Federal grants and contracts	160,813,471	142,812,498
State grants and contracts	12,369,463	15,924,822
Local grants and contracts	312,834	204,354
Private grants and contracts	72,912,577	61,444,612
University hospitals and clinics	1,588,398,226	1,241,218,416
Sales and services of auxiliary enterprises:		
Residence halls, net	69,643,462	66,500,596
Other auxiliary, net	32,930,314	33,786,356
Other operating	12,352,839	16,969,320
<b>Total operating revenues</b>	<b>2,213,565,527</b>	<b>1,845,489,147</b>
<b>OPERATING EXPENSES</b>		
Instruction	417,872,762	401,843,584
Research	118,571,690	95,990,518
Public service	30,014,096	23,478,828
Academic support	80,539,488	80,651,882
Student services	52,273,626	48,728,179
Institutional support	117,126,162	118,756,401
Operation and maintenance of plant	85,313,095	96,579,816
Scholarships and fellowships	29,229,180	23,821,739
Hospitals and clinics	1,545,744,579	1,252,395,313
Residence halls	67,507,573	61,164,373
Other auxiliary	29,590,756	28,250,565
Depreciation and amortization expense	107,210,549	91,490,830
Other operating	1,497,248	7,250,682
<b>Total operating expenditures</b>	<b>2,682,490,804</b>	<b>2,330,402,710</b>
<b>Operating loss</b>	<b>(468,925,277)</b>	<b>(484,913,563)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	541,480,519	476,035,974
Federal and State student financial aid	60,167,232	52,013,801
Investment income, net of investment fees	7,387,537	3,890,061
Net realized and unrealized gains	5,729,050	5,780,237
Gifts	4,578,003	7,316,146
Interest expense on capital related debt	(61,176,098)	(59,433,422)
Loss on disposal of plant assets	(3,430,379)	(1,704,886)
Other nonoperating revenues (expenses), net	(2,694,417)	66,616,377
<b>Net nonoperating revenues</b>	<b>552,041,447</b>	<b>550,514,288</b>
<b>Income (loss) before other revenues and gains</b>	<b>83,116,170</b>	<b>65,600,725</b>
Capital gifts and grants	8,163,190	13,788,436
Transfers to State	(43,464,685)	
<b>Increase (decrease) in net position</b>	<b>47,814,675</b>	<b>79,389,161</b>
<b>Net position at the beginning of year</b>	<b>(1,656,400,857)</b>	<b>(1,735,790,018)</b>
<b>NET POSITION AT THE END OF YEAR</b>	<b>(\$1,608,586,182)</b>	<b>(\$1,656,400,857)</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$264,486,236	\$269,058,139
Federal grants and contracts	161,283,911	143,649,629
State and local grants and contracts	11,550,309	16,288,872
Private grants and contracts	79,788,997	66,915,458
University hospitals and clinics	1,478,937,531	1,148,455,620
Personal service payments	(1,135,101,998)	(1,033,832,152)
Other than personal service payments	(646,169,880)	(580,526,675)
Payments for fringe benefits	(244,256,814)	(224,129,126)
Payments for scholarships and fellowships	(26,796,810)	(44,596,500)
Loans issued to students	(725,728)	(1,305,377)
Collection of loans to students	800,872	1,309,879
Residence halls, net	69,647,193	66,767,413
Other auxiliary, net	31,194,937	32,484,946
Other operating	14,686,970	21,113,634
<b>Net cash provided (used) by operating activities</b>	<b>59,325,726</b>	<b>(118,346,240)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>State appropriations:</b>		
Operations	170,721,856	172,752,847
Debt service	76,059,434	59,885,944
Federal and State student financial aid grants	60,167,230	52,017,030
Private gifts and grants	4,578,003	7,316,146
Repayment of short-term loans	(1,600,000)	
Direct loan receipts	123,224,055	124,272,755
Direct loan disbursements	(123,224,055)	(124,272,755)
Other receipts	(31,348,415)	(12,154,412)
<b>Net cash flows provided by noncapital financing activities</b>	<b>278,578,108</b>	<b>279,817,555</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	148,130,133	144,014,453
Capital grants and gifts received	8,163,190	13,788,436
Purchases of capital assets	(16,019,405)	(35,496,079)
Payments to contractors	(169,280,874)	(197,160,992)
Principal paid on capital debt and leases	(65,199,761)	(52,056,175)
Interest paid on capital debt and leases	(60,246,833)	(59,433,422)
Deposits with trustees	(7,524,678)	50,359,782
<b>Net cash used by capital and related financing activities</b>	<b>(161,978,228)</b>	<b>(135,983,997)</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest, dividends, and realized gains on investments	\$7,114,148	\$3,723,620
<b>Net cash provided by investing activities</b>	<b>7,114,148</b>	<b>3,723,620</b>
<b>Net change in cash</b>	<b>183,039,754</b>	<b>29,210,938</b>
Cash - beginning of year	261,227,841	232,016,903
<b>Cash - end of year</b>	<b>444,267,595</b>	<b>261,227,841</b>
<b>END OF YEAR CASH COMPRISED OF</b>		
Cash and cash equivalents	410,808,367	224,785,390
Restricted cash and cash equivalents	33,459,228	36,442,451
<b>Total cash - end of year</b>	<b>444,267,595</b>	<b>261,227,841</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	(468,925,277)	(484,913,563)
<b>ADJUSTMENTS TO OPERATING LOSS</b>		
Depreciation and amortization expense	107,210,549	91,490,830
Fringe benefits and litigation costs provided by State	319,976,480	245,145,783
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
Receivables, net	(18,070,054)	(17,333,643)
Inventories	(1,740,052)	(1,067,576)
Other assets	(10,696,191)	60,022
Accounts payable, accrued expenses, and other liabilities	64,210,750	110,812,174
Deferred revenue	(3,330,858)	4,760,684
Student deposits	82,650	87,300
Deposits held for others	(1,078,916)	514,801
Other liabilities	71,686,645	(67,903,052))
<b>Net cash provided (used) by operating activities</b>	<b>59,325,726</b>	<b>(118,346,240)</b>
<b>SUPPLEMENTAL DISCLOSURES FOR NONCASH TRANSACTIONS</b>		
Assets from Southampton Hospital Affiliation	83,975,000	
Liabilities from Southampton Hospital Affiliation	\$80,135,000	

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY COMPONENT UNITS BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$65,590,178	\$57,730,488
Accounts and notes receivable, net	8,985,106	5,875,462
Pledges receivable, net	98,905,845	84,239,087
Investments	331,955,329	315,122,876
Assets held for others	32,540,394	36,512,714
Other assets	2,430,990	2,388,334
Capital assets, net	32,318,215	37,429,205
<b>Total assets</b>	<b>572,726,057</b>	<b>539,298,166</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	13,589,900	14,888,238
Current portion of long-term debt	784,850	1,121,540
Deferred revenue	2,888,269	2,742,091
Deposits held for others	32,540,394	36,235,002
Post retirement benefit obligation and pension	830,225	843,103
Long-term debt	1,017,845	4,995,690
Other liabilities	12,764,409	4,877,339
<b>Total liabilities</b>	<b>64,415,892</b>	<b>65,703,003</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Board designated for		
Fixed assets	30,515,520	40,299,368
Campus programs	13,646,737	12,553,319
Other	14,623,314	11,183,462
Undesignated	17,074,970	4,467,610
<b>Temporarily restricted</b>		
Scholarships and fellowships	23,534,120	20,329,535
Campus programs	69,111,089	59,775,703
Research	20,623,923	18,019,265
General operations and other	142,432,507	134,509,097
<b>Permanently restricted</b>		
Scholarships and fellowships	28,948,363	27,456,733
Campus programs	125,224,266	119,052,767
Research	4,524,649	4,534,554
General operations and other	18,050,707	21,413,750
<b>Total net assets</b>	<b>508,310,165</b>	<b>473,595,163</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$572,726,057</b>	<b>\$539,298,166</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY COMPONENT UNITS STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30			2018	2017
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
<b>REVENUES</b>					
Contributions, gifts, and grants	\$2,527,335	\$51,836,065	\$7,534,809	\$61,898,209	\$67,060,421
Investment income, net	771,913	1,083,129		1,855,042	1,450,590
Net realized and unrealized gains	9,569,130	19,942,132		29,511,262	27,444,259
Food service	38,836,420			38,836,420	35,524,233
Other auxiliary services	4,649,815			4,649,815	4,204,793
Rental income	156,252	288,458		444,710	627,534
Sales and services	404,352			404,352	382,216
Other sources	(10,332)			(10,332)	23,339
Net assets released from restrictions	53,326,373	(53,326,373)			
<b>Total revenues</b>	<b>110,231,258</b>	<b>19,823,411</b>	<b>7,534,809</b>	<b>137,589,478</b>	<b>136,717,385</b>
<b>EXPENSES</b>					
Food service	31,507,243			31,507,243	30,815,988
Other auxiliary services	1,646,089			1,646,089	1,830,377
Program expenses	40,589,384			40,589,384	39,603,329
Payments to State University:					
Scholarships and fellowships	2,028,800			2,028,800	5,253,967
Other	13,311,273			13,311,273	14,448,279
Depreciation and amortization expense	3,231,568			3,231,568	2,576,945
Interest expense on capital-related debt	20,884			20,884	318,491
Management and general	6,838,068			6,838,068	6,752,620
Fundraising	3,701,167			3,701,167	3,109,527
<b>Total expenditures</b>	<b>102,874,476</b>			<b>102,874,476</b>	<b>104,709,523</b>
<b>Increase (decrease) in net assets</b>	<b>7,356,782</b>	<b>19,823,411</b>	<b>7,534,809</b>	<b>34,715,002</b>	<b>32,007,862</b>
Net assets at the beginning of year	68,503,759	232,633,600	172,457,804	473,595,163	441,587,301
Transfer of net assets		3,244,628	(3,244,628)		
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$75,860,541</b>	<b>\$255,701,639</b>	<b>\$176,747,985</b>	<b>\$508,310,165</b>	<b>\$473,595,163</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, 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 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 year ended June 30, 2018 and 2017.

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, 2018 and 2017. 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, 2018 and 2017.

On June 26, 2017, the New York State Supreme Court in Suffolk County approved the Integration and Affiliation Agreement (IAA) with Southampton Hospital Association (SHA). The final closing date of the transaction was August 1, 2017 (the Closing Date). In accordance with the IAA, the University acquired certain assets of SHA and assumed certain liabilities pursuant to a capital lease agreement. In accordance with the IAA and the capital lease agreement, all operations of Southampton Hospital, a 125 bed hospital, were transferred to and are being operated by the University. The lease terminates after fifty years, but may be terminated earlier by the University. In conjunction with the IAA, the University acquired control of Meeting House Lane Medical Practice (the Practice). The financial activity of the Practice is not significant, but is included within these financial statements with all intercompany activity eliminated.

As part of the transaction, SHA entered into an Asset Purchase Agreement (APA) with Staffco of Brooklyn, LLC (Staffco), a registered professional employer organization. As part of the APA, on the Closing Date Staffco assumed certain liabilities related to the management of SHA's employees and offered employment to substantially all of the SHA employees. In accordance with the IAA, the University entered into a professional employer agreement with Staffco under which the University assumed the cost of the former SHA employees.

During 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of GASB Statement No. 45 and establishes accounting and financial reporting for other postemployment benefit (OPEB) plans including the immediate recognition of the full actuarial accrued liability upon adoption. This Statement establishes standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The University participates in the New York State Health Insurance Program as a single employer defined benefit plan. GASB Statement No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of adopting this pronouncement, the University has restated the beginning net position as of July 1, 2016, and the related amounts on the statements of revenues, expenses, and changes in net position for the year ended June 30, 2017.

Further, the University adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, these interest costs will not be included in the historical cost of a capital asset. The University has adopted this Statement for the fiscal year ended June 30, 2018. As such, interest costs incurred after July 1, 2017 will be expensed in accordance with this Statement.

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 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 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 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:

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### **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 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	\$18,493
Other auxiliary	6,677

#### **Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources are defined as a consumption of net assets by a college or university that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the college or university that is applicable to a future reporting period. Deferred inflows and deferred outflows of resources include amounts related to changes in the net pension and OPEB liabilities of the University's cost sharing pension plans and the OPEB plans due to changes between expected and actual claims experience and changes in actuarial assumptions such as the discount rate used to determine the respective liability. Deferred outflows of resources also include losses resulting from refinancing of debt which represents 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.



### 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.

### 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 2017 financial statements have been reclassified to conform to the 2018 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 \$16.4 million at June 30, 2018.

## 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 \$113 million.

#### 5. ACCOUNTS, NOTES, AND LOANS RECEIVABLE

At June 30, 2018, accounts, notes, and loans receivables were summarized as follows (in thousands):

	2018	2017
Tuition and fees	\$6,306	\$4,881
Allowance for uncollectible	(1,521)	(1,378)
<b>Net tuition and fees</b>	<b>4,785</b>	<b>3,503</b>
Room rent	1,041	938
Allowance for uncollectible	(326)	(281)
<b>Net room rent</b>	<b>715</b>	<b>657</b>
Patient fees, net of contractual allowances	508,721	479,349
Allowance for uncollectible	(218,223)	(204,461)
<b>Net patient fees</b>	<b>290,498</b>	<b>274,888</b>
<b>Other, net</b>	<b>4,806</b>	<b>17,340</b>
<b>Total accounts receivable and notes receivable</b>	<b>300,804</b>	<b>296,388</b>
Student loans	7,739	8,126
Allowance for uncollectible	(1,288)	(1,219)
<b>Total student loans receivable</b>	<b>6,451</b>	<b>6,907</b>
<b>TOTAL, NET</b>	<b>\$307,255</b>	<b>\$303,295</b>

## 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 \$2.4 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 2016	ADDITIONS	RETIREMENTS	JUNE 30 2017	ADDITIONS	RETIREMENTS	JUNE 30 2018
Land	\$181,218	\$8,747		\$189,965	\$2,947	\$4	\$192,908
Infrastructure and land improvements	174,331	20,402	3,206	191,527	10,530	2,292	199,765
Buildings	1,825,571	251,371	13,157	2,063,785	151,686	15,294	2,200,177
Equipment, library books and artwork	584,481	32,250	7,942	608,789	68,761	10,046	667,504
Construction in progress	637,185	196,574	276,230	557,529	143,498	116,911	584,116
<b>Total Capital Assets</b>	<b>3,402,786</b>	<b>509,344</b>	<b>300,535</b>	<b>3,611,595</b>	<b>377,422</b>	<b>144,547</b>	<b>3,844,470</b>
Less: accumulated depreciation:							
Infrastructure and land improvements	76,423	8,133	2,415	82,141	8,589	1,387	89,343
Buildings	764,270	53,518	12,356	805,432	62,431	13,164	854,699
Equipment, library books and artwork	480,830	29,840	7,382	503,288	36,191	7,506	531,973
<b>Total accumulated depreciation</b>	<b>1,321,523</b>	<b>91,491</b>	<b>22,153</b>	<b>1,390,861</b>	<b>107,211</b>	<b>22,057</b>	<b>1,476,015</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$2,081,263</b>	<b>\$417,853</b>	<b>\$278,382</b>	<b>\$2,220,734</b>	<b>\$270,211</b>	<b>\$122,490</b>	<b>\$2,368,455</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, 2018, other than facilities obligations, which are included as of March 31, 2018, total obligations are summarized in the table on the following page (in thousands).

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

	JUNE 30, 2016	ADDITIONS	REDUCTIONS	JUNE 30, 2017	ADDITIONS	REDUCTIONS	JUNE 30, CURRENT 2018	CURRENT PORTION
Long-term debt:								
Educational Facilities	\$996,964	\$11,367	\$23,066	\$985,265	\$120,564	\$36,730	\$1,069,099	\$37,069
Residence Hall Facilities	303,263	20,345	9,425	314,183	15,247	8,790	320,640	12,476
Capital Leases	52,534	19,087	11,569	60,052	16,068	15,382	60,738	16,153
Southampton Hospital					39,663		39,663	5,248
Other long-term debt - Gyrodyne	23,502	4,000	6,102	21,400		1,600	19,800	1,600
Other long-term debt - SUNY 2020	16,977		1,894	15,083		528	14,555	868
<b>Total long-term debt</b>	<b>1,393,240</b>	<b>54,799</b>	<b>52,056</b>	<b>1,395,983</b>	<b>191,542</b>	<b>63,030</b>	<b>1,524,495</b>	<b>73,414</b>
Other long term liabilities:								
Post-employment and post-retirement	2,782,192	42,100	296,135	2,528,157	172,463	279,738	2,420,882	48,061
Loan from State	10,978	71		11,049	149		11,198	11,199
Litigation	135,233		4,526	130,707	49,460	210	179,957	7,423
Pensions	217,592	59,708	138,237	139,063	44,377	118,780	64,660	3,267
Other					2,466		2,466	
<b>Total other long-term liabilities</b>	<b>3,145,995</b>	<b>101,879</b>	<b>438,898</b>	<b>2,808,976</b>	<b>268,915</b>	<b>398,728</b>	<b>2,679,163</b>	<b>69,950</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$4,539,235</b>	<b>\$156,678</b>	<b>\$490,954</b>	<b>\$4,204,959</b>	<b>\$460,457</b>	<b>\$461,758</b>	<b>\$4,203,658</b>	<b>\$143,364</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 \$121 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 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 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, 2018, was \$11.2 million.

## 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 and Local Police and Fire Retirement System (PFRS), and the New York State Teacher's Retirement System (TRS). ERS and PFRS are cost-sharing, multiple-employer, defined benefit public plans administered by the State Comptroller. TRS is a cost-sharing, multiple-employer, defined benefit public plan separately administered by a ten member board. 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 and may only be amended by the Legislature with the Governor's approval. These plans offer a wide range of programs and benefits. ERS, PFRS and TRS benefits vary based on date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. Each plan provides a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to these plans on an actuarially determined rate. For ERS and PFRS this rate is determined annually by the State Comptroller. The average contribution rate for the fiscal year ended March 31, 2018 for ERS and PFRS was approximately 15.3 percent and 24.4 percent of payroll, respectively. For TRS, this rate is determined by the TRS Board on an annual basis and was 11.7 percent of payroll for the year ended June 30, 2018.

ERS, PFRS 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 or January 9, 2010 (PFRS). The NYSRSSL provides that all participants in ERS, PFRS 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 after July 27, 1976 and before January 1, 2010 (January 9, 2010 PFRS), and have less than ten years of service or membership are required to contribute 3 percent of their salary. Those joining on or after January 1, 2010 (January 9, 2010 PFRS) and before April 1, 2012 are required to contribute 3.5 percent of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted on a current basis to ERS and TRS.

For ERS, PFRS and TRS the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to the expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. In addition, for each plan, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from participating employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each plan. In 2018, ERS and PFRS used a discount rate of 7.0 percent and TRS used a discount rate of 7.25 percent.

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### ERS and PFRS

The University recognized a net pension liability for the hospital employees of \$40.7 million and \$153 million for its proportionate share of the ERS and PFRS net pension liabilities at June 30, 2018. The University's proportionate share of the net pension liability was determined consistent with the manner in which contributions to the pension plan are determined and was based on the ratio of the University's total projected long term contribution effort to the total ERS and PFRS projected long-term contribution effort from all employers. The net pension liability at June 30, 2018 was measured as of March 31, 2018, and was determined by an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. For the fiscal ended June 30, 2018 the University recognized pension expense related to ERS and PFRS of \$44.3 million and \$109.6 million, respectively. The total contributions made to the ERS and PFRS, during 2018 were \$41.9 million and \$95.4 thousand, respectively. At June 30, 2018 the University reported deferred outflows and deferred inflows of resources related to ERS and PFRS from the following sources (in thousands):

YEARS ENDING JUNE 30, 2018	ERS		PFRS	
	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES
Difference between expected and actual experience	\$14,526	\$12,003	\$63	\$41
Changes of Assumptions	27,005		116	
Net difference between projected and actual earnings on pension plan investments		57,608		125
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,730	14,720	77	249
<b>TOTAL</b>	<b>\$45,261</b>	<b>\$84,331</b>	<b>\$256</b>	<b>\$415</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS pensions will be recognized in pension expense as follows (in thousands):

YEARS ENDED JUNE 30,	ERS	PFRS
2019	\$3,750	(\$5)
2020	3,209	(9)
2021	(31,548)	(70)
2022	(14,482)	(60)
2023		(15)
<b>TOTAL</b>	<b>(\$39,071)</b>	<b>(\$159)</b>

The ERS plan allows participating employers to amortize a portion of their annual pension costs. The amounts amortized will be paid back with interest over 10 years. The University participates in this program and the total pension payable included in long-term liabilities at June 30, 2018 is \$23.8 million.

**ORP**

University employees may also participate in an Optional Retirement Program (ORP) under IRS Section 401(a) which is a multiple-employer, defined contribution plan administered by separate vendors – TIAA, Fidelity, VALIC, and VOYA. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an 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. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3 percent of their salary. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. 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 the respective ORP.

The Research Foundation maintains a separate non-contributory plan through TIAA 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 7 percent to 15 percent, depending on date of hire.

**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 survivors through 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 under Article XI of Civil Service Law to establish and amend the benefit provisions offered. NYSHIP is considered a single employer defined benefit plan offered by the State to its participants. The University, as a participant in the plan, recognizes these other postemployment benefit (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 is not a separate trust and no assets are accumulated to satisfy premiums.

The University recognized a net OPEB liability of \$2.3 billion for the fiscal year ended June 30, 2018. The net OPEB liability at June 30, 2018 was measured as of March 31, 2018, and was determined by an actuarial valuation as of April 1, 2017, with update procedures used to roll-forward the net OPEB liability to March 31, 2018. The net OPEB liability was calculated using the Entry Age Normal cost method. The University's changes in the total OPEB liability at June 30, 2018 were as follows (in thousands):

<b>YEAR ENDING JUNE 30, 2018</b>	<b>OPEB LIABILITY</b>
Balance at June 30, 2017	\$2,428,725
Service cost	92,359
Interest	96,334
Differences between expected and actual experience	(219,101)
Changes in assumptions	(10,061)
Contributions from the employer	(51,243)
<b>Net Changes</b>	<b>(91,712)</b>
<b>BALANCE AT JUNE 30, 2018</b>	<b>\$ 2,337,013</b>

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

The University recognized expense related to OPEB of \$129.6 million at June 30, 2018. The University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

<b>YEARS ENDING JUNE 30, 2018</b>	<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>DEFERRED INFLOW OF RESOURCES</b>
Difference between expected and actual experience		\$191,263
Changes in assumptions		186,721
Employer contributions subsequent to measurement date	\$13,783	
<b>TOTAL</b>	<b>\$13,783</b>	<b>\$377,984</b>

At June 30, 2018 \$13.8 million was reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows (in thousands):

2019	(\$59,070)
2020	(59,070)
2021	(59,070)
2022	(59,070)
2023	(59,070)
Thereafter	(82,634)
<b>TOTAL</b>	<b>(\$377,984)</b>

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's net OPEB liability was \$4.6 million for the fiscal year ended June 30, 2018. The Research Foundation's net OPEB liability at June 30, 2018 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017, with update procedures used to roll-forward the net OPEB liability to June 30, 2018. The net OPEB liability was calculated using the Entry Age Normal cost method. For fiscal year ended June 30, 2018, the Research Foundation recognized pension expense of \$102 thousand and reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

<b>YEARS ENDING JUNE 30, 2018</b>	<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>DEFERRED INFLOW OF RESOURCES</b>
Difference between expected and actual experience		\$5,065
Changes in assumptions	\$5,609	7,569
Employer contributions subsequent to measurement date		3,309
<b>TOTAL</b>	<b>\$5,609</b>	<b>\$15,943</b>



Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows (in thousands):

<b>YEARS ENDING JUNE 30,</b>	
2019	(\$2,419)
2020	(2,419)
2021	(2,419)
2022	(3,078)
<b>TOTAL</b>	<b>(\$10,335)</b>

## 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>	
2019	\$7,854
2020	6,670
2021	5,124
2022	4,167
2023	3,535
2024-28	7,162
<b>TOTAL</b>	<b>\$34,512</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 \$180 million at June 30, 2018.

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 \$542 million and \$476 million and represented approximately 19.1 percent and 19.4 percent of total revenues for the 2018 and 2017 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>RESEARCH FOUNDATION CONDENSED BALANCE SHEET</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets	\$157,361	\$133,920
Capital assets	9,900	10,750
Other assets	2,857	2,679
<b>Total assets</b>	<b>170,118</b>	<b>147,349</b>
<b>LIABILITIES</b>		
Current liabilities	62,420	51,016
Noncurrent liabilities	38,690	50,790
<b>Total liabilities</b>	<b>101,110</b>	<b>101,806</b>
<b>NET POSITION</b>		
Invested in capital assets, net	9,900	10,749
Unrestricted	59,108	34,794
<b>Total net position</b>	<b>69,008</b>	<b>45,543</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$170,118</b>	<b>\$147,349</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
<b>OPERATING REVENUES</b>		
Federal grants and contracts	\$147,304	\$131,203
State Grants and Contracts	11,018	11,615
Private Grants and Contracts	22,791	19,984
Other operating revenues	30,854	35,171
<b>Total operating revenues</b>	<b>211,967</b>	<b>197,973</b>
<b>EXPENSES</b>		
Instruction	22,317	18,144
Research	110,070	94,796
Public service	12,553	12,668
Institutional support	34,860	34,989
Other operating expenses	6,795	7,408
Depreciation and amortization expense	1,760	1,749
<b>Total operating expenses</b>	<b>188,355</b>	<b>169,754</b>
<b>Operating Income</b>	<b>23,612</b>	<b>28,219</b>
Net nonoperating expenses	(147)	(189)
<b>Increase in net position</b>	<b>23,465</b>	<b>28,030</b>
Net position at the beginning of year	45,543	17,513
<b>NET POSITION AT THE END OF YEAR</b>	<b>\$69,008</b>	<b>\$45,543</b>
<b>RESEARCH FOUNDATION CONDENSED STATEMENT OF CASH FLOWS</b>		
Cash flows used by operating activities	(\$2,362)	(\$403)
Cash flows used by capital and related financing activities	(1,178)	(2,249)
Cash flows from investing activities	3,604	2,408
<b>Net change in cash</b>	<b>64</b>	<b>(244)</b>
Cash - beginning of year	64	308
<b>CASH - END OF YEAR</b>	<b>\$128</b>	<b>\$64</b>

### 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 2018 and October 2018, the State issued Sales Tax Revenue Bonds with par amounts totaling \$369.3 million and \$134.1 million, respectively for the purpose of financing capital construction and major rehabilitation for educational facilities. Stony Brook's share of these obligations can not be estimated at this time.

In 2016, the University received Board approval to enter into an agreement with Eastern Long Island Hospital Association to affiliate with Eastern Long Island Hospital, a 90 bed acute care facility that provides inpatient and outpatient services on the northern fork of Suffolk County. The envisioned arrangement would have the University leasing the Eastern Long Island Hospital building and current employees and transfer of beds, operations and non-fixed operating assets to the University with Eastern Long Island Hospital operating under the University's operating license. The affiliation is currently pending approval by the State of New York.

### 15. RESTATEMENT

The provisions of GASB No. 75 has been applied to the 2017 fiscal year beginning net position. The following is a reconciliation of the total net position as previously reported at July 1, 2016 to the total restated net position (in thousands):

Total net position as previously reported at July 1, 2016	(\$251,726)
Change due to adoption of GASB Statement No. 75	(1,484,064)
<b>TOTAL NET POSITION AT JULY 1, 2016 (RESTATED)</b>	<b>(\$1,735,790)</b>

As discussed in note 8, the University has changed from the accounting and reporting requirements previously required under GASB Statement No. 45 to the accounting and reporting required under GASB Statement No. 75, which established accounting and financial reporting for OPEB plans including the immediate recognition of the full actuarial accrued liability upon adoption. It also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### 16. 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 June 30, 2018. During the year, the Foundation distributed \$15.3 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.

#### 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 \$332 million as of June 30, 2018.

### 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 \$32.3 million as of June 30, 2018. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$1,513
Buildings	36,090
Equipment	13,573
Artwork and library books	6,555
Construction in progress	95
<b>Total capital assets</b>	<b>57,826</b>
Less accumulated depreciation	25,508
<b>CAPITAL ASSETS, NET</b>	<b>\$32,318</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>	
2019	\$785
2020	721
2021	297
<b>TOTAL</b>	<b>\$1,803</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>2018 FSA</b>	<b>TOTAL</b>	<b>FOUNDATION</b>	<b>2017 FSA</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Investments	\$321,070	\$10,885	\$331,955	\$304,437	\$10,686	\$315,123
Capital assets, net	11,786	20,532	32,318	17,442	19,987	37,429
Other assets	176,781	31,672	208,453	160,469	26,277	186,746
<b>Total assets</b>	<b>509,637</b>	<b>63,089</b>	<b>572,726</b>	<b>482,348</b>	<b>56,950</b>	<b>539,298</b>
<b>LIABILITIES</b>						
Current liabilities	39,630	23,171	62,801	44,630	19,108	63,738
Long-term debt/other	319	1,296	1,615	255	1,710	1,965
<b>Total liabilities</b>	<b>39,949</b>	<b>24,467</b>	<b>64,416</b>	<b>44,885</b>	<b>20,818</b>	<b>65,703</b>
<b>NET ASSETS</b>						
Unrestricted	37,238	38,622	75,860	32,371	36,132	68,503
Temporarily restricted	255,702		255,702	232,634		232,634
Permanently restricted	176,748		176,748	172,458		172,458
<b>Total Net Assets</b>	<b>469,688</b>	<b>38,622</b>	<b>508,310</b>	<b>437,463</b>	<b>36,132</b>	<b>473,595</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$509,637</b>	<b>\$63,089</b>	<b>\$572,726</b>	<b>\$482,348</b>	<b>\$56,950</b>	<b>\$539,298</b>
<b>COMBINED STATEMENT OF ACTIVITIES</b>						
<b>REVENUES</b>						
Contributions, gifts and grants	\$61,897		\$61,897	\$67,059		\$67,059
Food and auxiliary services		43,486	43,486		39,729	39,729
Sales and services	404		404	382		382
Other revenue	31,111	691	31,802	28,678	869	29,547
<b>Total revenues</b>	<b>93,412</b>	<b>44,177</b>	<b>137,589</b>	<b>96,119</b>	<b>40,598</b>	<b>136,717</b>
<b>EXPENSES</b>						
Food and auxiliary services		33,153	33,153		32,646	32,646
Program expenses	38,447	2,142	40,589	37,692	1,911	39,603
Other expenses	22,740	6,392	29,132	26,739	5,722	32,461
<b>Total expenses</b>	<b>61,187</b>	<b>41,687</b>	<b>102,874</b>	<b>64,431</b>	<b>40,279</b>	<b>104,710</b>
<b>Total change in net assets</b>	<b>32,225</b>	<b>2,490</b>	<b>34,715</b>	<b>31,688</b>	<b>319</b>	<b>32,007</b>
Net assets at the beginning of year	437,463	36,132	473,595	405,775	35,813	441,588
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$469,688</b>	<b>\$38,622</b>	<b>\$508,310</b>	<b>\$437,463</b>	<b>\$36,132</b>	<b>\$473,595</b>





Stony Brook  
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