



Stony Brook  
University

2019 - 2020

# ANNUAL FINANCIAL REPORT



#StonyBrook  
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## LETTER TO THE PRESIDENT

April 20, 2021

Maurie D. McInnis, Ph.D., President  
State University of New York at Stony Brook  
Administration Building, Room 310  
Stony Brook, NY 11794-1701

Dear Dr. McInnis,

The accompanying financial statements prepared from the accounting records of Stony Brook University (hereafter referred to as the University) set forth the financial condition of the University at June 30, 2020, including the results of its operations for the fiscal year. Notes to the financial statements should be considered an integral part of the statements and the report as a whole. Prior-year data is provided to allow comparisons with the previous reporting period.

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

The financial information included in this report incorporates the major operations of the University, including the Research Foundation of the State University of New York. The financial statements of the Stony Brook University Component Units, which include the Stony Brook Foundation and Faculty Student Association, are presented on pages 8 and 9. The financial operations of the Clinical Practice Management Plan are not included in this report. The annual report has been prepared in accordance with accounting principles recommended by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers to the degree practical.

Sincerely,

A handwritten signature in black ink that reads "David J. Gray". The signature is written in a cursive, flowing style.

David J. Gray  
Interim Vice President for Budget and Financial Planning

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$527,947,179	\$462,979,044
Deposits with trustees	21,333,274	19,092,337
Short-term investments	130,902,582	121,571,018
Accounts, notes, and loans receivable, net	259,211,982	308,925,975
Interest receivable	56,521	747,100
Appropriations receivable	133,097,264	26,241,292
Grants receivable	52,830,849	39,075,013
Inventories	15,901,844	14,659,366
Other assets	41,440,516	20,926,958
<b>Total current assets</b>	<b>1,182,722,011</b>	<b>1,014,218,103</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	11,604,545	10,746,649
Deposits with trustees	42,780,548	18,481,036
Accounts, notes, and loans receivable, net	3,123,521	4,813,917
Appropriations receivable	262,234,320	224,740,090
Long-term investments	21,967,002	10,611,916
Capital assets, net	2,558,024,380	2,503,330,266
Other assets	2,940,984	3,060,753
<b>Total noncurrent assets</b>	<b>2,902,675,300</b>	<b>2,775,784,627</b>
<b>Total assets</b>	<b>4,085,397,311</b>	<b>3,790,002,731</b>
Deferred outflows of resources	236,019,796	57,302,622
<b>Total assets and deferred outflows of resources</b>	<b>4,321,417,107</b>	<b>3,847,305,352</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	174,621,172	307,195,188
Interest payable	6,581,361	5,749,804
Student deposits	2,537,515	2,683,700
Deposits held in custody for others	7,450,293	7,265,987
Deferred revenue	95,732,121	62,351,720
Long-term liabilities-current portion	150,447,255	139,955,805
Other liabilities	218,584,917	19,968,058
<b>Total current liabilities</b>	<b>655,954,634</b>	<b>545,170,262</b>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	2,510,424,062	2,068,552,374
Refundable government loan funds	5,001,535	6,850,379
Other liabilities	4,875,057	7,442,857
<b>Total noncurrent liabilities</b>	<b>2,520,300,654</b>	<b>2,082,845,610</b>
<b>Total liabilities</b>	<b>3,176,255,288</b>	<b>2,628,015,872</b>
Deferred inflows of resources	37,981,305	56,463,566
<b>Total liabilities and deferred inflows of resources</b>	<b>3,214,236,593</b>	<b>2,684,479,438</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	699,298,483	721,410,979
Loans - restricted and expendable	555,727	761,154
Unrestricted	407,326,304	440,653,781
<b>Total net position</b>	<b>1,107,180,514</b>	<b>1,162,825,914</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,321,417,107</b>	<b>\$3,847,305,352</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	
	2020	2019
<b>OPERATING REVENUES</b>		
Tuition and fees	\$368,094,774	\$349,470,849
Less: scholarship allowances	(94,783,550)	(83,349,334)
<b>Net tuition and fees</b>	<b>273,311,224</b>	<b>266,121,515</b>
Federal grants and contracts	168,096,129	165,395,872
State grants and contracts	15,768,495	14,753,095
Local grants and contracts	231,196	377,615
Private grants and contracts	62,935,041	68,026,052
University hospitals and clinics	1,673,427,501	1,713,953,284
Sales and services of auxiliary enterprises:		
Residence halls, net	67,313,947	77,968,469
Other auxiliary, net	32,058,897	33,083,776
Other operating	13,142,743	13,485,131
<b>Total operating revenues</b>	<b>2,306,285,173</b>	<b>2,353,164,809</b>
<b>OPERATING EXPENSES</b>		
Instruction	396,255,427	405,328,847
Research	120,540,105	120,188,399
Public service	31,874,692	30,015,494
Academic support	79,917,678	79,217,152
Student services	59,443,722	54,057,673
Institutional support	121,437,063	113,672,191
Operation and maintenance of plant	86,286,822	82,614,815
Scholarships and fellowships	29,767,697	32,717,815
Hospitals and clinics	1,870,793,156	1,708,835,167
Residence halls	65,896,964	69,932,492
Other auxiliary	28,427,044	30,538,593
Depreciation and amortization expense	126,731,156	115,459,329
Other operating	7,141,997	7,058,112
<b>Total operating expenditures</b>	<b>3,024,513,523</b>	<b>2,849,636,079</b>
<b>Operating loss</b>	<b>(718,228,350)</b>	<b>(496,471,270)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	523,948,407	581,018,528
Federal and State student financial aid	197,530,891	65,128,285
Investment income, net of investment fees	10,607,259	12,525,512
Net realized and unrealized gains	4,382,194	4,648,007
Gifts	4,003,106	4,194,500
Interest expense on capital related debt	(76,830,294)	(76,195,474)
Loss on disposal of plant assets	(433,198)	(12,079,071)
Other nonoperating expenses	(4,705,138)	(5,310,760)
<b>Net nonoperating revenues</b>	<b>658,503,227</b>	<b>573,929,527</b>
<b>Income (loss) before other revenues and gains</b>	<b>(59,725,123)</b>	<b>77,458,257</b>
Capital gifts and grants	4,079,723	17,170,283
<b>Increase (decrease) in net position</b>	<b>(55,645,400)</b>	<b>94,628,540</b>
<b>Net position at the beginning of year</b>	<b>1,162,825,914</b>	<b>1,068,197,374</b>
<b>NET POSITION AT THE END OF YEAR</b>	<b>\$1,107,180,514</b>	<b>\$1,162,825,914</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	<b>FOR THE YEARS ENDING JUNE 30</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$275,355,665	\$269,553,477
Federal grants and contracts	170,264,986	164,653,742
State and local grants and contracts	14,153,579	15,887,434
Private grants and contracts	71,089,828	73,198,201
University hospitals and clinics	1,590,500,978	1,491,068,353
Personal service payments	(1,260,772,320)	(1,214,090,098)
Other than personal service payments	(769,058,335)	(715,223,725)
Payments for fringe benefits	(231,443,293)	(275,487,102)
Payments for scholarships and fellowships	(37,821,999)	(32,261,796)
Loans issued to students	(1,103,573)	(85,000)
Collection of loans to students	130,009	101,542
Residence halls, net	67,385,261	77,601,137
Other auxiliary, net	24,885,584	27,454,935
Other operating	(2,646,569)	7,627,243
<b>Net cash used by operating activities</b>	<b>(89,080,199)</b>	<b>(110,001,657)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>State appropriations:</b>		
Operations	14,703,874	166,238,251
Debt service	70,894,024	75,779,097
Federal and State student financial aid grants	205,333,180	65,128,285
Private gifts and grants	4,003,106	6,324,747
Repayment of short-term loans	(1,600,000)	(1,600,000)
Direct loan receipts	118,204,296	118,357,314
Direct loan disbursements	(118,204,296)	(118,357,314)
Other receipts (payments)	6,865,000	
<b>Net cash flows provided by noncapital financing activities</b>	<b>300,199,184</b>	<b>311,870,380</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	184,831,856	176,619,143
Capital grants and gifts received	4,796,109	7,073,312
Purchases of capital assets	(39,360,201)	(72,790,970)
Payments to contractors	(148,413,762)	(154,507,178)
Principal paid on capital debt and leases	(59,399,304)	(68,570,378)
Interest paid on capital debt and leases	(76,830,294)	(76,195,473)
Deposits with trustees	(22,465,623)	3,448,939
<b>Net cash used by capital and related financing activities</b>	<b>(156,841,219)</b>	<b>(184,922,605)</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	<b>FOR THE YEARS ENDING JUNE 30</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest, dividends, and realized gains on investments	\$11,548,265	\$12,511,980
<b>Net cash provided by investing activities</b>	<b>11,548,265</b>	<b>12,511,980</b>
<b>Net change in cash</b>	<b>65,826,031</b>	<b>29,458,098</b>
Cash - beginning of year	473,725,693	444,267,595
<b>Cash - end of year</b>	<b>539,551,724</b>	<b>473,725,693</b>
<b>END OF YEAR CASH COMPRISED OF</b>		
Cash and cash equivalents	527,947,179	462,979,044
Restricted cash and cash equivalents	11,604,545	10,746,649
<b>Total cash - end of year</b>	<b>539,551,724</b>	<b>473,725,693</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	(718,228,350)	(496,471,270)
<b>ADJUSTMENTS TO OPERATING LOSS</b>		
Depreciation and amortization expense	126,731,156	115,459,329
Fringe benefits and litigation costs provided by State	276,811,830	276,257,620
<b>CHANGE IN ASSETS AND LIABILITIES</b>		
Receivables, net	40,589,639	(4,177,397)
Inventories	(1,242,478)	(326,583)
Other assets	(9,980,933)	(25,430,494)
Accounts payable, accrued expenses, and other liabilities	(82,618,599)	(7,009,634)
Deferred revenue	26,654,207	(5,769,361)
Student deposits	(146,185)	41,350
Deposits held for others	(924,318)	(1,064,927)
Other liabilities	253,273,832	38,489,710
<b>Net cash used by operating activities</b>	<b>(\$89,080,199)</b>	<b>(\$110,001,657)</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY COMPONENT UNITS BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$108,425,197	\$76,981,728
Accounts receivable and notes receivable, net	7,046,627	6,855,660
Pledges receivable, net	99,781,529	105,400,440
Investments	405,653,042	398,187,966
Assets held for others	375,775	221,491
Other assets	1,346,908	1,131,968
Capital assets, net	32,846,256	32,368,062
<b>Total assets</b>	<b>655,475,334</b>	<b>621,147,315</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	8,200,981	12,293,214
Deferred revenue	3,024,250	2,935,276
Deposits held for others	49,260,536	37,858,093
Other liabilities	15,354,300	13,054,931
Long-term debt	1,720,811	1,081,615
<b>Total liabilities</b>	<b>77,560,878</b>	<b>67,223,129</b>
<b>NET ASSETS</b>		
<b>Net assets without donor restrictions</b>		
Board designated for:		
Fixed Assets	22,277,750	22,339,769
Campus Programs	7,599,960	7,282,080
General operations & other	13,290,881	15,348,634
Undesignated	40,111,074	38,092,514
<b>Net assets with donor restrictions</b>		
Scholarships and fellowships	67,716,087	59,894,114
Campus programs	241,800,607	218,895,886
Research, general operations and other	185,118,097	192,071,189
<b>Total net assets</b>	<b>577,914,456</b>	<b>553,924,186</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$655,475,334</b>	<b>\$621,147,315</b>

See accompanying notes to financial statements.

## ANNUAL FINANCIAL REPORT

### STONY BROOK UNIVERSITY COMPONENT UNITS STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30		2020	2019
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>REVENUES</b>				
Contributions, gifts and grants	\$368,924	\$54,689,144	\$55,058,068	\$64,976,016
Food service	30,432,746		30,432,746	37,893,972
Other auxiliary services	4,354,555		4,354,555	5,114,635
Rental income	182,000	279,233	461,233	445,357
Sales and services	1,845,047	1,160,294	3,005,341	2,821,866
Investment income, net	2,434,125	3,689,341	6,123,466	24,939,577
Other sources	1,001,670	(10,980)	990,690	1,506,150
Net assets released from restrictions	36,033,430	(36,033,430)		
<b>Total revenues</b>	<b>76,652,497</b>	<b>23,773,602</b>	<b>100,426,099</b>	<b>137,697,573</b>
<b>EXPENSES</b>				
Food service	26,649,499		26,649,499	31,953,677
Other auxiliary services	1,813,732		1,813,732	1,641,174
Program expenses	16,126,176		16,126,176	17,869,631
Payments to State University:				
Scholarships and fellowships	4,598,709		4,598,709	4,033,698
Other	15,623,652		15,623,652	24,350,140
Management and general	7,595,729		7,595,729	7,577,257
Fundraising	4,028,332		4,028,332	4,657,975
<b>Total expenses</b>	<b>76,435,829</b>		<b>76,435,829</b>	<b>92,083,552</b>
<b>Change in net assets</b>	<b>216,668</b>	<b>23,773,602</b>	<b>23,990,270</b>	<b>45,614,021</b>
Net assets at the beginning of year	83,062,997	470,861,189	553,924,186	508,310,165
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$83,279,665</b>	<b>\$494,634,791</b>	<b>\$577,914,456</b>	<b>\$553,924,186</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, 2020 and 2019.

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, 2020 and 2019. 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, 2020 and 2019.

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:

**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	\$11,973
Other auxiliary	5,586

**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

## **ANNUAL FINANCIAL REPORT**

### NOTES TO FINANCIAL STATEMENTS

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 2019 financial statements have been reclassified to conform to the 2020 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 \$25.4 million at June 30, 2020.

### 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 follows an investment policy and asset guidelines approved and monitored by its board of directors. The portfolio is mainly comprised of mutual funds, exchange-traded funds and alternative investments of high quality and liquidity. Investments are held with the investment custodian in the Research Foundation's name. Investments at fiscal year end are \$152.9 million.

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

At June 30, 2020, accounts, notes, and loans receivables are summarized as follows (in thousands):

	2020	2019
Tuition and fees	\$2,641	\$2,114
Allowance for uncollectible	(1,737)	(1,671)
<b>Net tuition and fees</b>	<b>904</b>	<b>443</b>
Room rent	815	1,017
Allowance for uncollectible	(350)	(306)
<b>Net room rent</b>	<b>465</b>	<b>711</b>
Patient fees, net of contractual allowances	469,692	465,999
Allowance for uncollectible	(215,164)	(177,266)
<b>Net patient fees</b>	<b>254,528</b>	<b>288,733</b>
<b>Other, net</b>	<b>2,244</b>	<b>18,631</b>
<b>Total accounts receivable and notes receivable</b>	<b>258,141</b>	<b>308,518</b>
Student loans	5,463	6,485
Allowance for uncollectible	(1,269)	(1,263)
<b>Total student loans receivable</b>	<b>4,194</b>	<b>5,222</b>
<b>TOTAL, NET</b>	<b>\$262,335</b>	<b>\$313,740</b>

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

## 6. CAPITAL ASSETS

Capital assets, net of accumulated depreciation, totaled \$2.6 billion. Capital asset activity is reflected in the table below (in thousands). 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 2018	ADDITIONS	RETIREMENTS	JUNE 30 2019	ADDITIONS	RETIREMENTS	JUNE 30 2020
Land	\$192,908	\$24,583	\$0	\$217,491	\$2,905	\$20	\$220,376
Infrastructure and land improvements	199,765	82,339	11,104	271,000	11,076	470	281,606
Buildings	2,200,177	470,793	8,612	2,662,358	119,260	819	2,780,799
Equipment, library books and artwork	667,504	59,310	17,959	708,855	38,984	3,935	743,904
Construction in progress	584,116	143,549	515,812	211,853	118,183	108,906	221,130
<b>Total Capital Assets</b>	<b>3,844,470</b>	<b>780,574</b>	<b>553,487</b>	<b>4,071,557</b>	<b>290,408</b>	<b>114,150</b>	<b>4,247,815</b>
Less: accumulated depreciation:							
Infrastructure and land improvements	89,343	11,946	931	100,358	12,251	280	112,329
Buildings	854,699	69,394	7,210	916,883	73,776	1,089	989,570
Equipment, library books and artwork	531,973	34,182	15,169	550,986	40,766	3,860	587,892
<b>Total accumulated depreciation</b>	<b>1,476,015</b>	<b>115,522</b>	<b>23,310</b>	<b>1,568,227</b>	<b>126,793</b>	<b>5,229</b>	<b>1,689,791</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$2,368,455</b>	<b>\$665,052</b>	<b>\$530,177</b>	<b>\$2,503,330</b>	<b>\$163,615</b>	<b>\$108,921</b>	<b>\$2,558,024</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, 2020, other than facilities obligations, which are included as of March 31, 2020, total obligations are summarized in the table on the following page (in thousands).

	JUNE 30, 2018	ADDITIONS	REDUCTIONS	JUNE 30, 2019	ADDITIONS	REDUCTIONS	JUNE 30, 2020	CURRENT PORTION
Long-term debt:								
Educational Facilities	\$1,093,529	\$211,737	\$31,019	\$1,274,247	\$130,668	\$27,514	\$1,377,401	\$36,008
Residence Hall Facilities	320,640	21,215	12,476	329,379	46,052	11,491	363,940	13,452
Capital Leases	60,738	25,181	18,872	67,047	16,929	14,336	69,640	12,683
Southampton Hospital	39,663	15,337	5,509	49,491	4,445	4,964	48,972	6,749
Eastern Long Island Hospital					17,075	631	16,444	1,310
Other long-term debt - Gyrodyne	19,800		1,600	18,200		1,600	16,600	1,600
Other long-term debt -SUNY 2020	14,555	1,780	696	15,639	1,360	759	16,240	1,072
<b>Total long-term debt</b>	<b>1,548,925</b>	<b>275,250</b>	<b>70,172</b>	<b>1,754,003</b>	<b>216,529</b>	<b>61,295</b>	<b>1,909,237</b>	<b>72,874</b>
Other long term liabilities:								
Post-employment and post-retirement	83,869	55,077	43,686	95,260	40,099	44,400	90,959	52,827
Loan from State	11,198	256		11,454	201		11,655	11,655
Litigation	179,957	60,423	6,550	233,830	56,020	18,020	271,830	9,596
Pensions	64,660	93,422	46,174	111,908	311,534	48,376	375,066	3,495
Other	2,466		413	2,053	71		2,124	
<b>Total other long-term liabilities</b>	<b>342,150</b>	<b>209,178</b>	<b>96,823</b>	<b>454,505</b>	<b>407,925</b>	<b>110,796</b>	<b>751,634</b>	<b>77,573</b>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$1,891,075</b>	<b>\$484,428</b>	<b>\$166,995</b>	<b>\$2,208,508</b>	<b>\$624,454</b>	<b>\$172,091</b>	<b>\$2,660,871</b>	<b>\$150,447</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 \$131.7million.

### 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.

## **ANNUAL FINANCIAL REPORT**

### NOTES TO FINANCIAL STATEMENTS

#### **Capital Lease Arrangements**

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

#### **Loan - State STIP Pool**

In prior years, the University experienced operating cash-flow deficits precipitated by cash-flow difficulties experienced by the Hospital. In connection with these cash-flow deficits, as authorized by State Finance Law, the University borrowed funds with interest from the short-term investment pool of the State. The amount outstanding under this borrowing from the State at June 30, 2020, was \$11.7 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. The State University of New York (SUNY) is responsible for the net pension liability for employees of the University, except for the hospital's net pension liability.

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.

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, PFRS and TRS.

**ERS and PFRS - Hospital**

The University recognized a net pension liability for the hospital's proportionate share of the ERS and PFRS net pension liabilities at June 30, 2020 of \$356.9 million and \$1.0 million. The net pension liability at June 30, 2020 was measured as of March 31, 2020, and was determined by an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. For the fiscal ended June 30, 2020 the University recognized pension expense related to ERS and PFRS of \$115.8 million and \$318.3 thousand, respectively. The total contributions made to the ERS and PFRS, during 2020 were \$44.9 million and \$109.7 thousand, respectively. At June 30, 2020 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, 2020	ERS		PFRS	
	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES
Difference between expected and actual experience	\$21,005		\$69	\$17
Changes of Assumptions	7,186	6,205	88	
Net difference between projected and actual earnings on pension plan investments	182,963		466	
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,655	15,155	66	224
<b>TOTAL</b>	<b>\$216,809</b>	<b>\$21,360</b>	<b>\$689</b>	<b>\$241</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
2021	\$30,446	\$79
2022	48,595	92
2023	64,010	144
2024	52,398	136
2025		(3)
<b>TOTAL</b>	<b>\$195,449</b>	<b>\$448</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, 2020 is \$17.1 million.

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

#### 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. Prior to July 1, 2018, the University, as a participant in the plan, recognized the other post-employment benefit (OPEB) expenses on an accrual basis. In 2018, SUNY collectively with the University's approval, removed OPEB costs from the University's financial statements which resulted in restatements of the net position at 7/1/2018.

#### Research Foundation Post-employment and Post-retirement Benefits

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.

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

The Research Foundation's net OPEB liability was \$3.1 million for the fiscal year ended June 30, 2020. The Research Foundation's net OPEB liability at June 30, 2020 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019, with update procedures used to roll-forward the net OPEB liability to June 30, 2020. For the fiscal year ended June 30, 2020, the Research Foundation recognized pension expense of \$600 thousand and reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

<b>YEARS ENDING JUNE 30, 2020</b>	<b>RESEARCH FOUNDATION OPEB DEFERRED OUTFLOW OF RESOURCES</b>	<b>DEFERRED INFLOW OF RESOURCES</b>
Difference between expected and actual experience	\$2,043	\$6,638
Changes in assumptions	6,174	9,642
Employer contributions subsequent to measurement date		99
<b>TOTAL</b>	<b>\$8,217</b>	<b>\$16,379</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>	
2020	(\$2,619)
2021	(3,253)
2022	(393)
2023	(1,896)
<b>TOTAL</b>	<b>(\$8,161)</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 \$7.4 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>	
2021	\$5,674
2022	4,733
2023	4,054
2024	3,936
2025	2,632
2026-30	3,653
<b>TOTAL</b>	<b>\$24,682</b>

## **ANNUAL FINANCIAL REPORT**

### NOTES TO FINANCIAL STATEMENTS

#### **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 \$272 million at June 30, 2020.

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, fringe benefits for State employees, and litigation expenses for which the State is responsible. State appropriations totaled \$524 million and \$581 million and represented approximately 17.2 percent and 19.1 percent of total revenues for the 2020 and 2019 fiscal years, respectively. The University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

#### **12. FEDERAL GRANTS AND CONTRACTS AND THIRD-PARTY REIMBURSEMENT**

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

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

**13. 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>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets	\$176,495	\$167,550
Capital assets	8,781	8,923
Other assets	24,823	13,673
<b>Total assets</b>	<b>210,099</b>	<b>190,146</b>
<b>LIABILITIES</b>		
Current liabilities	66,822	62,810
Noncurrent liabilities	56,100	51,914
<b>Total liabilities</b>	<b>122,922</b>	<b>114,724</b>
<b>NET POSITION</b>		
Without donor restrictions	87,177	75,422
<b>Total net position</b>	<b>87,177</b>	<b>75,422</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$210,099</b>	<b>\$190,146</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
<b>OPERATING REVENUES</b>		
Federal grants and contracts	\$155,773	\$150,846
State Grants and Contracts	16,094	12,373
Private Grants and Contracts	20,566	22,057
Other operating revenues	24,364	28,692
<b>Total operating revenues</b>	<b>216,797</b>	<b>213,968</b>
<b>EXPENSES</b>		
Instruction	16,338	16,645
Research	115,884	114,785
Public service	15,954	13,936
Institutional support	34,464	32,749
Other operating expenses	5,840	9,061
Depreciation and amortization expense	1,941	1,553
<b>Total operating expenses</b>	<b>190,421</b>	<b>188,729</b>
<b>Operating Income</b>	<b>26,376</b>	<b>25,239</b>
Net nonoperating revenues/(expenses)	(14,621)	(18,825)
<b>Increase in net position</b>	<b>11,755</b>	<b>6,414</b>
Net position at the beginning of year	75,422	69,008
<b>NET POSITION AT THE END OF YEAR</b>	<b>\$87,177</b>	<b>\$75,422</b>
<b>RESEARCH FOUNDATION CONDENSED STATEMENT OF CASH FLOWS</b>		
Cash flows used by operating activities	(\$4,054)	(\$1,795)
Cash flows used by capital and related financing activities	62	(666)
Cash flows from investing activities	4,498	4,088
<b>Net change in cash</b>	<b>506</b>	<b>1,627</b>
Cash - beginning of year	1,755	128
<b>CASH - END OF YEAR</b>	<b>\$2,261</b>	<b>\$1,755</b>

## **ANNUAL FINANCIAL REPORT**

### NOTES TO FINANCIAL STATEMENTS

#### **14. SUBSEQUENT EVENTS**

During July 2020, the State issued Dormitory Facilities Revenue Bonds with a par amount of \$328.5 million for the purpose of refinancing \$180.2 million of existing residential facility obligations. The State also issued Personal Income Tax Revenue Bonds with a par amount of \$156.5 million 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.

#### **15. COMPONENT UNITS**

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

These organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for these organizations were derived from each entity's individual audited financial statements, reported in accordance with generally accepted accounting principles promulgated by FASB, as of June 30, 2020.

##### **Net Asset Classifications**

Net assets without donor restrictions represent resources whose uses are not restricted by donor-imposed stipulations and are generally available for the support of the University campus and affiliated entity programs and activities. Net assets with donor restrictions represent resources whose use is subjected to donor-imposed stipulations. Some of these restrictions are temporary in nature, such as those that will be met with the passage of time or are removed by specific actions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income derived from net assets with donor restrictions that is permanent in nature is permitted to be spent in part or in whole, restricted only by the donor's 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 net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law. Investments of the University discretely presented component units were \$406 million as of June 30, 2020.

### 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 \$32.8 million as of June 30, 2020. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$1,481
Buildings	36,564
Equipment	9,631
Artwork and library books	6,514
Construction in progress	66
<b>Total capital assets</b>	<b>54,256</b>
Less accumulated depreciation	21,410
<b>CAPITAL ASSETS, NET</b>	<b>\$32,846</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 (in thousands):

<b>YEARS ENDING JUNE 30</b>	
2021	\$577
2022	304
2023	280
2024	280
2025	280
<b>TOTAL</b>	<b>\$1,721</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):

COMBINED BALANCE SHEETS	FOR THE YEAR ENDING JUNE 30, 2020			FOR THE YEAR ENDING JUNE 30, 2019		
	FOUNDATION	FSA	TOTAL	FOUNDATION	FSA	TOTAL
<b>ASSETS</b>						
Investments	\$393,891	\$11,763	\$405,654	\$386,641	\$11,548	\$398,189
Capital assets, net	11,173	21,673	32,846	11,269	21,099	32,368
Other assets	186,724	30,252	216,976	161,117	29,474	190,591
<b>Total assets</b>	<b>591,788</b>	<b>63,688</b>	<b>655,476</b>	<b>559,027</b>	<b>62,121</b>	<b>621,148</b>
<b>LIABILITIES</b>						
Other liabilities	55,123	20,718	75,841	46,742	19,400	66,142
Long-term debt/other	1,488	233	1,721	383	699	1,082
<b>Total liabilities</b>	<b>56,611</b>	<b>20,951</b>	<b>77,562</b>	<b>47,125</b>	<b>20,099</b>	<b>67,224</b>
<b>NET ASSETS</b>						
Net assets without donor restrictions	40,542	42,737	83,279	41,041	42,022	83,063
Net assets with donor restrictions	494,635		494,635	470,861		470,861
<b>Total net assets</b>	<b>535,177</b>	<b>42,737</b>	<b>577,914</b>	<b>511,902</b>	<b>42,022</b>	<b>553,924</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>591,788</b>	<b>63,688</b>	<b>655,476</b>	<b>559,027</b>	<b>62,121</b>	<b>621,148</b>
<b>COMBINED STATEMENT OF ACTIVITIES</b>						
<b>REVENUES</b>						
Contributions, gifts and grants	55,058		55,058	64,976		64,976
Food and auxiliary services		34,787	34,787		43,009	43,009
Other revenue	9,478	1,103	10,581	28,988	726	29,714
<b>Total revenues</b>	<b>64,536</b>	<b>35,890</b>	<b>100,426</b>	<b>93,964</b>	<b>43,735</b>	<b>137,699</b>
<b>EXPENSES</b>						
Food and auxiliary services		28,464	28,464		33,596	33,596
Program expenses	16,126		16,126	17,870		17,870
Other expenses	25,135	6,711	31,846	33,880	6,739	40,619
<b>Total expenses</b>	<b>41,261</b>	<b>35,175</b>	<b>76,436</b>	<b>51,750</b>	<b>40,335</b>	<b>92,085</b>
<b>Total change in net assets</b>	<b>23,275</b>	<b>715</b>	<b>23,990</b>	<b>42,214</b>	<b>3,400</b>	<b>45,614</b>
Net assets at the beginning of year	511,902	42,022	553,924	469,688	38,622	508,310
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$535,177</b>	<b>\$42,737</b>	<b>\$577,914</b>	<b>\$511,902</b>	<b>\$42,022</b>	<b>\$553,924</b>

## ANNUAL FINANCIAL REPORT

### NOTES TO FINANCIAL STATEMENTS

Expenses are presented by functional classification in accordance with the overall service missions of the component units. Each functional classification displays all expenses related to the underlying operations by natural classification. Expenses by functional classification for the year ended June 30, 2020 consist of the following (in thousands):

<b>FUNCTIONAL EXPENSES</b>	<b>FOOD SERVICE</b>	<b>OTHER AUXILIARY SERVICES</b>	<b>PROGRAM EXPENSES</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUNDRAISING</b>	<b>2020 TOTAL</b>
<b>EXPENSES</b>						
Salaries and wages	\$9,006	\$509	\$3,887	\$4,296	\$1,459	\$19,157
Employee benefits	4,121	169	1,137	1,625	613	7,665
Cost of goods sold	5,865	318				6,183
Supplies and materials	948		1,551	191	180	2,870
Printing and postage	8	6	300	14	370	698
Travel and conferences	14		2,812	25	163	3,014
Rent and equipment	159	271	2,216	122	9	2,777
Repairs, maintenance and improvements	1,022		469	162	22	1,675
Insurance	152		68	265		485
Utilities	890	292	68	10		1,260
Professional and service fees	1,320	42	3,132	601	849	5,944
Depreciation expense	2,508	85	232	136		2,961
Interest expense	2		7	10		19
Activity and program support	104	2		14		120
Other expenses	530	120	247	125	363	1,385
<b>Expenses</b>	<b>26,649</b>	<b>1,814</b>	<b>16,126</b>	<b>7,596</b>	<b>4,028</b>	<b>56,213</b>
Support to the University						
Campus support - scholarships and fellowships						4,599
Campus support - other						15,624
<b>TOTAL EXPENSES</b>						<b>\$76,436</b>



Stony Brook  
University