Combined Financial Statements and Report of Independent Certified Public Accountants

STONY BROOK FOUNDATION, INC. AND AFFILIATE

June 30, 2018 and 2017
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Certified Public Accountants</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Combined Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Combined Statement of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Combined Statement of Activities</td>
<td>4</td>
</tr>
<tr>
<td>Combined Statement of Functional Expenses</td>
<td>5</td>
</tr>
<tr>
<td>Combined Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Combined Financial Statements</td>
<td>7 - 26</td>
</tr>
<tr>
<td>Combining Supplemental Schedules:</td>
<td></td>
</tr>
<tr>
<td>Combining Schedule of Financial Position</td>
<td>28</td>
</tr>
<tr>
<td>Combining Schedule of Activities</td>
<td>29</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees

Stony Brook Foundation, Inc. and Affiliate

Report on the financial statements

We have audited the accompanying combined financial statements of Stony Brook Foundation, Inc. and Affiliate (collectively, the “Foundation”), which comprise the combined statement of financial position as of June 30, 2018, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility
Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation’s preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Stony Brook Foundation, Inc. and Affiliate as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 summarized comparative information
We have previously audited the Foundation’s 2017 combined financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated October 25, 2017. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on combining supplemental information
Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining supplemental schedules, presented on pages 28 and 29, are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining supplemental information has been subjected to the auditing procedures applied in the audit of the combined financial statements as of and for the year ended June 30, 2018, and certain additional procedures, included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Melville, New York
October 31, 2018
## STONY BROOK FOUNDATION, INC. AND AFFILIATE

Combined Statement of Financial Position  
As of June 30, 2018, with summarized comparative information as of June 30, 2017

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$65,992,495</td>
<td>$63,902,602</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>98,905,845</td>
<td>84,239,087</td>
</tr>
<tr>
<td>Loans and other receivables</td>
<td>127,499</td>
<td>491,254</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>766,631</td>
<td>895,025</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanently restricted investments</td>
<td>159,301,683</td>
<td>151,537,676</td>
</tr>
<tr>
<td>Other investments</td>
<td>169,431,674</td>
<td>160,461,694</td>
</tr>
<tr>
<td>Total investments</td>
<td>328,733,357</td>
<td>311,999,370</td>
</tr>
<tr>
<td>Other long-term investment</td>
<td>325,502</td>
<td>379,000</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Land, buildings, equipment and collections, net</td>
<td>11,785,887</td>
<td>17,441,538</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$509,637,216</strong></td>
<td><strong>$482,347,876</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$7,352,914</td>
<td>$8,814,348</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>482,953</td>
<td>280,712</td>
</tr>
<tr>
<td>Annuities payable</td>
<td>534,365</td>
<td>604,647</td>
</tr>
<tr>
<td>Funds held in trust for others</td>
<td>30,941,241</td>
<td>34,356,424</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>637,695</td>
<td>829,005</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>39,949,168</strong></td>
<td><strong>44,885,136</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNRESTRICTED NET ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>23,591,687</td>
<td>19,818,017</td>
</tr>
<tr>
<td>Designated</td>
<td>13,646,737</td>
<td>12,553,319</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td><strong>37,238,424</strong></td>
<td><strong>32,371,336</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEMPORARILY RESTRICTED NET ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporarily restricted net assets</td>
<td>255,701,639</td>
<td>232,633,600</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>176,747,985</td>
<td>172,457,804</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>469,688,048</strong></td>
<td><strong>437,462,740</strong></td>
</tr>
</tbody>
</table>

| Total liabilities and net assets | **$509,637,216** | **$482,347,876** |

*The accompanying notes are an integral part of this combined financial statement.*
STONY BROOK FOUNDATION, INC. AND AFFILIATE

Combined Statement of Activities
For the year ended June 30, 2018, with summarized comparative information for the year ended June 30, 2017

The accompanying notes are an integral part of this combined financial statement.
**STONY BROOK FOUNDATION, INC. AND AFFILIATE**

**Combined Statement of Functional Expenses**

For the year ended June 30, 2018, with summarized comparative information for the year ended June 30, 2017

The accompanying notes are an integral part of this combined financial statement.

<table>
<thead>
<tr>
<th>2018</th>
<th>Campus Programs</th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses before depreciation allocation</td>
<td>53,556,823</td>
<td>3,681,855</td>
<td>3,701,167</td>
<td>247,866</td>
<td>61,187,711</td>
</tr>
<tr>
<td>Depreciation allocation</td>
<td>241,885</td>
<td>5,981</td>
<td>-</td>
<td>(247,866)</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 53,798,708</td>
<td>$ 3,687,836</td>
<td>$ 3,701,167</td>
<td>$ -</td>
<td>$ 61,187,711</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this combined financial statement.
## STONY BROOK FOUNDATION, INC. AND AFFILIATE

### Combined Statement of Cash Flows

For the year ended June 30, 2018, with summarized comparative information for the year ended June 30, 2017

The accompanying notes are an integral part of this combined financial statement.

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$32,225,308</td>
<td>$31,687,944</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used in operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>247,866</td>
<td>311,941</td>
</tr>
<tr>
<td>Forgiveness of employee loans</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Change in allowance for uncollectible contributions</td>
<td>(40,533)</td>
<td>553,792</td>
</tr>
<tr>
<td>Net realized gains on investments</td>
<td>(10,336,357)</td>
<td>(3,098,737)</td>
</tr>
<tr>
<td>Net unrealized appreciation on investments</td>
<td>(18,517,709)</td>
<td>(23,526,911)</td>
</tr>
<tr>
<td>Donations of equipment, collections and land</td>
<td>(20,204)</td>
<td>(90,500)</td>
</tr>
<tr>
<td>Disposal of equipment</td>
<td>5,553,158</td>
<td>-</td>
</tr>
<tr>
<td>Donations of stocks for permanently restricted purposes</td>
<td>(3,328,323)</td>
<td>(4,998,791)</td>
</tr>
<tr>
<td>Permanently restricted contributions</td>
<td>(9,602,263)</td>
<td>(13,870,362)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(14,626,225)</td>
<td>(18,343,748)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>363,755</td>
<td>215,079</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>128,394</td>
<td>320,214</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(1,461,434)</td>
<td>195,531</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>202,241</td>
<td>(97,142)</td>
</tr>
<tr>
<td>Annuities payable</td>
<td>(70,282)</td>
<td>(17,603)</td>
</tr>
<tr>
<td>Funds held in trust for others</td>
<td>(3,415,183)</td>
<td>3,502,567</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(22,697,791)</td>
<td>(27,877,154)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

| Purchases of capital expenditures   | (125,169)  | (748,657)  |
| Purchases of investments            | (120,132,169)| (83,030,285)|
| Proceeds from equity distribution   | 53,498     | -          |
| Proceeds from sale of investments   | 132,252,248| 44,558,907 |
| Net cash provided by (used in) investing activities | 12,048,408 | (39,220,035) |

### CASH FLOWS FROM FINANCING ACTIVITIES

| Proceeds from permanently restricted contributions | 9,602,263 | 13,870,362 |
| Proceeds from sale of donated stocks for permanently restricted purposes | 3,328,323 | 4,898,791 |
| Payments of principal on long-term debt            | (191,310) | (406,310)  |
| Extinguishment of long-term debt                   | -         | (1,015,000) |
| Proceeds from issuance of long-term debt           | -         | 1,020,315  |
| Net cash provided by financing activities           | 12,739,276| 18,368,158 |
| Net change in cash and cash equivalents             | 2,089,893 | (48,729,031) |

| Cash and cash equivalents, beginning of year       | 63,902,602| 112,631,633 |
| Cash and cash equivalents, end of year             | $65,992,495| $63,902,602 |

| Supplemental disclosures of cash flow information: | | |
| Cash paid during the years for interest            | $68,571    | $47,896     |
| Cash paid during the years for income taxes        | $193,093   | $131,469    |
| Purchases of land, buildings, equipment and collections included within accounts payable and accrued expenses | $- | $48,535 |
1. BACKGROUND

The Stony Brook Foundation, Inc. and Affiliate (the “Foundation”), a not-for-profit, “no member” corporation established in 1965. The purposes of the Foundation are as follows:

a. To assist in developing and increasing the resources of the State University of New York at Stony Brook (“Stony Brook University”) in order to provide more extensive educational opportunities and services by making and encouraging gifts, grants, contributions and donations of real and personal property to or for the benefit of Stony Brook University.

b. To receive, hold, administer and dispose of gifts and grants, and to act without profit as trustee of educational or charitable trusts of benefit to and in keeping with the educational purposes and objectives of Stony Brook University.

c. To finance the conduct of studies and research of any and all fields of intellectual inquiry of benefit to and in keeping with the educational purposes and objectives of Stony Brook University and/or its constituent schools, and to enter into contractual relationships appropriate to the purposes of the Foundation.

d. To grant and/or administer scholarships and fellowships and to engage in experimental education activities and research projects.

Stony Brook Foundation Realty, Inc. ("SBFR") is a not-for-profit, wholly owned affiliate of the Foundation which was incorporated in 1979 and is controlled by Foundation management. SBFR’s purpose is to purchase, acquire, own, hold, sell, transfer, lease, mortgage, use, excavate, improve and develop lands, buildings and other real property improvements.

In June 1989, Stony Brook Foundation (Delaware), Inc. ("SBFD"), a not-for-profit corporation, was chartered in the state of Delaware for the purpose of managing donated real estate. The management of the Foundation exercised control over the operating activities of SBFD. Through the date of dissolution, SBFD did not received any donations of real estate and, accordingly, SBFD has not had any operations. On May 11, 2017, SBFD was dissolved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements include the accounts of the Foundation and its affiliate, SBFR (collectively referred to as the “Foundation” herein), and are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). All significant intercompany transactions have been eliminated in combination. The prior year summarized comparative information has been derived from the audited combined financial statements for the year ended June 30, 2017 and does not represent a full presentation in accordance with US GAAP. Such data should be read in conjunction with the audited combined financial statements for the year ended June 30, 2017.
STONY BROOK FOUNDATION, INC. AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2018 and 2017

Net Assets
The Foundation’s combined financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets, and changes in net assets, as follows:

a. **Unrestricted net assets** - The Foundation’s unrestricted net assets consist of the following:

   - **Undesignated** - Include all resources of the Foundation, which are expendable for carrying on the Foundation’s operations.

   - **Designated** - Include funds, property, plant, equipment and collections (net of accumulated depreciation) owned by the Foundation designated for campus programs by the Foundation’s board of trustees.

b. **Temporarily restricted net assets** - Consists of net assets of the Foundation which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Foundation pursuant to those stipulations.

Temporarily restricted net assets consist of the following for the years ended June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus programs</td>
<td>$184,765,713</td>
<td>$161,390,446</td>
</tr>
<tr>
<td>Accumulated unspent endowment earnings</td>
<td>$61,434,985</td>
<td>$56,099,154</td>
</tr>
<tr>
<td>Land, buildings and collections</td>
<td>$9,500,941</td>
<td>$15,144,000</td>
</tr>
<tr>
<td><strong>Total temporarily restricted net assets</strong></td>
<td><strong>$255,701,639</strong></td>
<td><strong>$232,633,600</strong></td>
</tr>
</tbody>
</table>

c. **Permanently restricted net assets** - Include funds wherein the donors have stipulated that the principal contributed be invested and maintained intact. Income earned from those investments is available for expenditures according to restrictions, if any, imposed by the donors.

Permanently restricted net assets consist of the following for the years ended June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment funds</td>
<td>$176,629,481</td>
<td>$172,334,690</td>
</tr>
<tr>
<td>Other permanently restricted net assets</td>
<td>$118,504</td>
<td>$123,114</td>
</tr>
<tr>
<td><strong>Total permanently restricted net assets</strong></td>
<td><strong>$187,147,985</strong></td>
<td><strong>$185,447,804</strong></td>
</tr>
</tbody>
</table>

**Cash and Cash Equivalents**
Cash and cash equivalents include cash held in banks and money market accounts held by investment brokers. The Foundation considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.
Fair Value

Fair value is defined in Accounting Standards Codification ("ASC") 820-10 as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. The Foundation discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation as of the reporting date. Unobservable inputs reflect the Foundation’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available. Since valuations are based on quoted prices that are readily available and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation’s perceived risk of that instrument.

As permitted by Accounting Standards Update ("ASU") No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)" ("ASU 2015-07"), the Foundation measures certain investments using a net asset value ("NAV") which is exempted from categorization within the fair value hierarchy and related disclosures. Instead, the Foundation separately discloses the information required for assets measured using NAV as a practical expedient, and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.
Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. An investment is considered to be impaired, generally, if the individual investment’s fair value is less than its cost basis for a period of time in excess of 12 months. Other-than-temporary impairment losses on investments are included in realized losses.

The Foundation also invests in alternative investments which include investments in limited partnerships, funds of funds, hedged equity funds, private equity funds and mutual funds that are unlisted or thinly traded. These investments are also recorded at fair value, which is based on the values provided by the general partners or fund managers.

Certain investments with no readily determinable fair values are recorded at NAV per share as a practical expedient to estimating fair value.

Donated marketable securities are recorded at fair value at the date of the gift.

Other Long-Term Investment
The Foundation has a 3% membership interest in SBHC Private Equity IV, LLC’s campus hotel (the “Hotel”). See Notes 6 and 17. This investment, in the amount of $225,502 has been accounted for under the cost method, as the Foundation owns less than 20% of the voting rights and does not have the ability to exercise significant influence over the operating and financial policies of SBHC Private Equity IV, LLC. The Foundation accounts for amounts distributed under the cost method as rental income.

Land, Buildings, Equipment and Collections
Land, buildings and equipment purchased in excess of $2,000 are recorded at cost, or if donated, at fair value at the date of donation. Depreciation is computed on the straight-line basis, with half-year convention, over the following estimated useful lives:

- Buildings: 30 years
- Land improvements: 5 years
- Equipment and furnishings: 5 years

Collections (e.g., artwork and books) are not depreciated. Costs incurred for repairs, maintenance and minor improvements are charged to expense as incurred. Major improvements which substantially extend the useful lives of the assets are capitalized.

Annuities
The Foundation holds life annuities which represent assets made available to the Foundation, whereby, the Foundation is obligated to pay stipulated amounts, on a quarterly basis, to the designated individuals. Assets of annuity funds belong to the Foundation subject to the liability for future payments to annuitants. The fair value of investments held from life annuities is $628,539 and $662,944 at June 30, 2018 and 2017, respectively, and are included in cash and cash equivalents and other investments on the accompanying statement of financial position. The Foundation is mandated by New York State Insurance Law to keep, as a reserve, an additional 26.5% of its outstanding annuity contracts, which equaled $494,735 and $494,497 at June 30, 2018 and 2017, respectively.
The obligations due under the life annuities are classified as annuities payable on the Foundation’s combined statement of financial position and totaled $534,365 and $604,647 at June 30, 2018 and 2017, respectively. Payments terminate, as specified in the agreement, upon the death of the annuitant. All of the Foundation’s life annuities require that upon termination, the principal of the annuity funds be transferred to permanently restricted net assets or remain as temporarily restricted for certain purposes as restricted by the donor.

Revenue

Revenue is recorded by the Foundation on the accrual basis of accounting. The Foundation derives its revenue from gifts, grants, contracts, rent, and investment earnings.

Certain revenues received under contractual agreements may be subject to audits. In the opinion of management, any potential disallowances resulting from such audits would be immaterial to the Foundation’s combined financial statements.

Gifts-in-kind

Donations of works of art, books and similar items are recorded at appraised value when received. When appraised value is not available, these items are recorded at a nominal value. Such donations are reported as gifts-in-kind in the accompanying combined statement of activities. Gains or losses from deaccessions of collections are reflected on the combined statement of activities as changes in the appropriate net asset classes.

Contributions

The Foundation records contributions of cash and other assets when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Management must make estimates of the collectability of pledges and loans receivable. The carrying value of pledges and loans receivable have been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible and payments subsequently collected are recorded as revenue in the period received.

Conditional promises to give received in cash by the Foundation are recorded as deferred revenue. They are subsequently recognized as contributions in the period when the conditions have been substantially met.
The Foundation reports gifts of property, plant and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Support arising from contributed services of certain personnel and office space has been recognized in the accompanying combined financial statements. The computation of the value of these contributed services represents the compensation which would be paid to these individuals if they were to occupy certain management positions and the payment of office rent. The Foundation has recorded contributed services revenue of $51,465 and $335,590 for the years ended June 30, 2018 and 2017, respectively. An equivalent amount has been recorded as salary and rental expense.

**Expenses**

Expenses are recorded in the period incurred. Expenses are allocated into functional categories depending upon the ultimate purpose of the expense.

**Advertising**

All costs associated with advertising are expensed as incurred. Advertising costs were $378,561 and $580,557 for the years ended June 30, 2018 and 2017, respectively, and are included in supplies and expenses on the accompanying statement of functional expenses.

**Uncertain Tax Positions**

The Foundation and SBFR follow guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation and SBFR are exempt from federal income tax under IRC section 501(c)(3), though both are subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Both the Foundation and SFBR have processes presently in place to ensure the maintenance of their respective tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation and SBFR have determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Foundation derives unrelated business income from its limited partnership investments. The Foundation incurred an unrelated business income tax expense (for Federal and New York State purposes) of approximately $193,093 and $131,469, for the years ended June 30, 2018 and 2017, respectively.
Use of Estimates
The preparation of combined financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Other Significant Accounting Policies
Fees are charged by the Foundation to restricted campus programs based upon a defined percentage of gifts and grants received during the year to cover administrative costs. In fiscal years 2018 and 2017, these fees amounted to $1,861,201 and $1,803,704, respectively, and are included in net assets released from restrictions in the accompanying combined statement of activities.

Reclassifications
Certain accounts in the prior year combined financial statements have been reclassified for comparative purposes to conform with the presentation in the current year combined financial statements. These reclassifications have no effect on previously reported change in net assets.

New Pronouncements
In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods on or after December 15, 2017 (i.e., fiscal year 2019). The guidance permits the use of either a retrospective or cumulative effect transition method. The Foundation is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 (i.e., fiscal year 2019). ASU 2016-14 is to be applied retroactively with transition provisions. The Foundation is in the process of evaluating the impact this standard will have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and
either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date of the amendments will align with Revenue from Contracts with Customers: effective for annual periods beginning after December 15, 2017. The Foundation is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Foundation for fiscal year 2020. Early adoption is permitted. The Foundation is in the process of evaluating the impact this standard will have on the financial statements.

Evaluation of Subsequent Events

Management has evaluated subsequent events through October 31, 2018, the date the combined financial statements were available to be issued. The Foundation is unaware of any events that would require disclosure in the accompanying combined financial statements.

3. PLEDGES RECEIVABLE

Pledges receivable are reported at fair value using discount rates commensurate with the expected collection period, which at June 30, 2018 and 2017 ranged from 0.71% to 2.78%. Pledges receivable are summarized as follows at June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th>Pledges receivable due in:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$ 30,172,389</td>
<td>$ 24,504,079</td>
</tr>
<tr>
<td>One year to five years</td>
<td>55,692,742</td>
<td>43,302,885</td>
</tr>
<tr>
<td>More than five years</td>
<td>22,271,907</td>
<td>24,027,146</td>
</tr>
<tr>
<td></td>
<td>108,137,038</td>
<td>91,834,110</td>
</tr>
<tr>
<td>Less: Present value adjustment</td>
<td>(7,349,376)</td>
<td>(5,672,673)</td>
</tr>
<tr>
<td>Less Allowance for uncollectible pledges</td>
<td>(1,881,817)</td>
<td>(1,922,350)</td>
</tr>
<tr>
<td>Net pledges receivable</td>
<td>$ 98,905,845</td>
<td>$ 84,239,087</td>
</tr>
</tbody>
</table>

At June 30, 2018 and 2017, approximately 69% and 63%, respectively, of pledges receivable are due from members of the board of trustees and/or their affiliated organizations.
4. MORTGAGE, EMPLOYEE, STUDENT AND OTHER LOANS

Mortgage Loans

The Foundation has a Stony Brook Faculty Mortgage Loan Program ("New Mortgage Program"), which has been established as a faculty recruitment and retention tool to assist faculty in obtaining an owner-occupied primary first residence through a second mortgage financed through the Foundation. The amount is limited to the lesser of $50,000 or an amount such that the sum of the first and second mortgage does not exceed 95% of the appraised home value. The interest rate is set at the prime rate plus 2% as published in the Wall Street Journal on the date the mortgage is approved by the Foundation. The monthly payment consists of the interest portion of a standard 30-year fixed-rate mortgage. The final payment for the original loan amount is due at the end of seven years. As of June 30, 2018 and 2017, there were no borrowings under the New Mortgage Program.

Student Loans

The Foundation also issues short-term non-interest-bearing emergency loans to students which are payable within the current semester. For the year ended June 30, 2018 outstanding emergency loans, net of an allowance for doubtful accounts of $1,000, amounted to $15,141. For the year ended June 30, 2017 outstanding emergency loans, net of an allowance for doubtful accounts of $1,000, amounted to $8,775. Such loans are included in loans and other receivables on the accompanying combined statement of financial position.

Notes Receivable

The Foundation issued an eight year, $3,000,000 loan to the Turkana Basin Institute, Limited on February 11, 2015. The interest rate is 5% per annum and due January and July each calendar year. The loan is due in full on February 17, 2023. The loan will be utilized to conduct activities in the furtherance of its educational and scientific mission.

The Turkana Basin Institute, Limited was established to advance the academic and research mission of the Stony Brook University in Kenya. It is a not-for-profit company limited by guarantee under the laws of Kenya. Turkana Basin Institute’s programs assist Stony Brook University to attract excellent students, faculty and international scholars from around the world.

5. BOAT DONATION PROGRAM

In 2006, the Foundation initiated the Boat Donation Program to accept and sell donated boats and equipment to support the Marine Science Research Center located at the Southampton Campus. At June 30, 2018 and 2017, the balance in boat inventory pending future sale amounted to $600 and $4,000, respectively, and is included in prepaid expenses and other assets on the accompanying combined statement of financial position.
6.  INVESTMENTS

Investments consist of the following at June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th>Carried at fair value:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Cumulative Unrealized Gains</td>
</tr>
<tr>
<td>Investments in U.S. equities funds</td>
<td>$56,770,302</td>
<td>$59,247,951</td>
</tr>
<tr>
<td>Investments in global equity funds</td>
<td>43,579,737</td>
<td>7,642,197</td>
</tr>
<tr>
<td>Investments in diversified fixed income funds</td>
<td>36,400,527</td>
<td>-</td>
</tr>
<tr>
<td>Investments in multi-strategy funds</td>
<td>43,620,284</td>
<td>43,527,273</td>
</tr>
<tr>
<td>Investments in core-property funds</td>
<td>1,503,916</td>
<td>-</td>
</tr>
<tr>
<td>Investments in private equity funds</td>
<td>31,572,569</td>
<td>6,686,620</td>
</tr>
<tr>
<td>Investments</td>
<td>213,447,335</td>
<td>117,104,041</td>
</tr>
<tr>
<td>Pending investment purchases and redemptions *</td>
<td>(327,740)</td>
<td>-</td>
</tr>
<tr>
<td>Total investments</td>
<td>$213,119,595</td>
<td>$117,104,041</td>
</tr>
</tbody>
</table>

* Amounts included above as pending investment purchases/Redemptions as of June 30, 2018 reflect cash disbursement to an Investment fund that has not been credited to the Foundation's capital account as of June 30, 2018, as well as two investment funds cash hold back from redemptions.

<table>
<thead>
<tr>
<th>Carried at fair value:</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td>Investments in U.S. equities funds</td>
<td>$67,577,308</td>
</tr>
<tr>
<td>Investments in global equity funds</td>
<td>20,263,061</td>
</tr>
<tr>
<td>Investments in diversified fixed income funds</td>
<td>35,693,097</td>
</tr>
<tr>
<td>Investments in multi-strategy funds</td>
<td>60,017,628</td>
</tr>
<tr>
<td>Investments in core-property funds</td>
<td>2,718,167</td>
</tr>
<tr>
<td>Investments in private equity funds</td>
<td>18,653,165</td>
</tr>
<tr>
<td>Investments</td>
<td>204,922,426</td>
</tr>
<tr>
<td>Pending investment purchases *</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Total investments</td>
<td>$214,922,426</td>
</tr>
</tbody>
</table>

* Amounts included above as pending investment purchases as of June 30, 2017 reflect cash disbursement to two investment funds that have not been credited to the Foundation’s capital account as of June 30, 2017.
The following table represents a reconciliation of the cumulative unrealized appreciation on investments at June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized appreciation in fair value, June 30, 2017</td>
<td>$33,183,794</td>
<td>$63,892,842</td>
<td>$308</td>
<td>$97,076,944</td>
</tr>
<tr>
<td>Current year appreciation (foundation)</td>
<td>5,479,094</td>
<td>13,038,615</td>
<td>-</td>
<td>18,517,709</td>
</tr>
<tr>
<td>Current year appreciation (funds held for others)</td>
<td>-</td>
<td>-</td>
<td>19,109</td>
<td>19,109</td>
</tr>
<tr>
<td>Unrealized appreciation in fair value, June 30, 2018</td>
<td>$38,662,888</td>
<td>$76,950,566</td>
<td>$308</td>
<td>$115,613,762</td>
</tr>
</tbody>
</table>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined financial statements. At June 30, 2018 and 2017, investments in liquidation totaled $7,757,215 and $266,074, respectively. In the opinion of management, these amounts are realizable.

The Foundation has invested in investment firms in which a Foundation board of trustee member is related to or is a majority stockholder of the respective investment firm. This amounted to approximately 14.5% and 15% of the total investment portfolio as of June 30, 2018 and 2017, respectively. Investment management fees paid to these investment firms totaled $719,740 and $821,476 for the years ended June 30, 2018 and 2017, respectively. The Board of the Foundation has concluded that no disqualifying conflicts are involved.

For the years ended June 30, 2018 and 2017, the annual management fees are based on a range of 0% to 2.50% of the respective investment values. Additionally, the annual performance fees are based on a range of 0% to 25% of the annual performance of the respective investments for the years ended June 30, 2018 and 2017. Investment expenses totaled $7,728,760 and $7,341,001 for the years ended June 30, 2018 and 2017, respectively.

During the years ended June 30, 2018 and 2017, the Foundation entered into subscription agreements with investment funds in the amount of $25,000,000 and $17,000,000, respectively. As of June 30, 2018 and 2017, the Foundation has remitted approximately $22,085,554 and $13,776,327, respectively, of commitments to their investment funds with the remaining funds payable upon request. Unfunded commitments related to subscription agreements with investment funds are $41,414,446 and $32,723,673 for the years ended June 30, 2018 and 2017, respectively.

In September 2009, the Foundation subleased an 11-acre parcel of land to SBHC Private Equity IV, LLC to be used for the construction, operation, and development of the Hotel with a termination date of June 2049. In consideration for this sublease, SBHC Private Equity IV, LLC provided the Foundation with a 3% membership interest in the Hotel for no monetary considerations. The Foundation used the income approach, a discounted cash flow model, to value the membership interest in the Hotel to be $279,000 at February 14, 2013. The Foundation did not account for the membership interest granted in September 2009 due to the uncertainty associated with an outstanding lawsuit which was concluded during the year ended
June 30, 2014. In accordance with the sublease, the Foundation received a 3% distribution amounting to $53,498 in fiscal year ending June 30, 2018.

This investment has a carrying value of $225,502 and $279,000 at June 30, 2018 and 2017, respectively. As the membership interest was granted in consideration of the sublease arrangement, the Foundation has deferred the revenue arising from this transaction and will amortize the income on a straight-line basis over the term of the lease. For the years ended June 30, 2018 and 2017, approximately $7,644 and $7,700, respectively, was recorded as rental income under the straight-line method. The Foundation evaluates the carrying value of its investment for impairment annually or sooner if circumstances indicate that there is an other than temporary decline in the value of its investment. As of June 30, 2018 and 2017, no event had occurred that would adversely affect the carrying value of this investment.

7. FAIR VALUE MEASUREMENTS

The following tables present information about the Foundation’s assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2018 and 2017, and indicate the fair value hierarchy of the valuation techniques the Foundation utilized to determine such fair values:

<table>
<thead>
<tr>
<th>Carried at fair value</th>
<th>Significant Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Other Unobservable Inputs (Level 3)</th>
<th>Investments Reported at Net Asset Value</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in U.S. equities funds</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Investments in global equity funds</td>
<td>18,943,023</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in diversified fixed income funds</td>
<td>34,895,377</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in multi-strategy funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in core-property funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in private equity funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total investments</td>
<td>$53,838,400</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
</tr>
</tbody>
</table>
### Carried at fair value

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Asset Value</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in U.S. equities funds</td>
<td>-</td>
<td>117,920,618</td>
</tr>
<tr>
<td>Investments in global equity funds</td>
<td>13,382,181</td>
<td>24,032,564</td>
</tr>
<tr>
<td>Investments in diversified fixed income funds</td>
<td>34,520,129</td>
<td>35,144,497</td>
</tr>
<tr>
<td>Investments in multi-strategy funds</td>
<td>-</td>
<td>10,058,288</td>
</tr>
<tr>
<td>Investments in core-property funds</td>
<td>-</td>
<td>2,304,566</td>
</tr>
<tr>
<td>Investments in private equity funds</td>
<td>-</td>
<td>21,538,837</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$47,902,310</strong></td>
<td><strong>$254,097,060</strong></td>
</tr>
</tbody>
</table>

The Foundation uses the NAV to determine the fair value of all underlying investments which (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments in other investment companies by major category:

#### June 30, 2018

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Range in Funds</th>
<th>No. of Funds</th>
<th>Fair Value</th>
<th>Redemption Terms</th>
<th>Redemption Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in U.S. Equities Funds</td>
<td>$44 - $15,935</td>
<td>10</td>
<td>$116,018,253</td>
<td>75 - 445 days</td>
<td>2 Funds have 1 yr lock up, 1 Fund has 2 yr lock up</td>
</tr>
<tr>
<td>Investments in Global Equity Funds</td>
<td>$216 - $8,406</td>
<td>6</td>
<td>32,278,911</td>
<td>135 - 410 days</td>
<td>1 Fund has a lock up provision of 18 months, 1 Fund has 3 yr lock up</td>
</tr>
<tr>
<td>Investments in Diversified Fixed Income Funds</td>
<td>$1 - $243</td>
<td>1</td>
<td>628,538</td>
<td>0 days</td>
<td>None</td>
</tr>
<tr>
<td>Investments in Multi-Strategy Funds</td>
<td>$207 - $1,018,701</td>
<td>15</td>
<td>87,147,557</td>
<td>35 - 775 days</td>
<td>1 Fund has a lock up provision of 2 yrs, 2 Funds have 1 yr lock up, 1 Fund has an 18 month lock up</td>
</tr>
<tr>
<td>Investments in Core-Property Funds</td>
<td>N/A</td>
<td>1</td>
<td>890,249</td>
<td>30 days</td>
<td>None</td>
</tr>
<tr>
<td>Investments in Private Equity Funds</td>
<td>N/A</td>
<td>21</td>
<td>38,259,189</td>
<td>No liquidity</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,902,310</strong></td>
<td><strong>54</strong></td>
<td><strong>$254,097,060</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### June 30, 2017

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Range in Funds</th>
<th>No. of Funds</th>
<th>Fair Value</th>
<th>Redemption Terms</th>
<th>Redemption Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in U.S. Equities Funds</td>
<td>$139 - $3,194</td>
<td>10</td>
<td>$116,012,939</td>
<td>75 - 445 days</td>
<td>2 Funds have 1 yr lock up, 1 Fund has 2 yr lock up</td>
</tr>
<tr>
<td>Investments in Global Equity Funds</td>
<td>$249 - $8,277</td>
<td>6</td>
<td>32,278,915</td>
<td>135 - 410 days</td>
<td>1 Fund has a lock up provision of 18 months, 1 Fund has 3 yr lock up</td>
</tr>
<tr>
<td>Investments in Diversified Fixed Income Funds</td>
<td>$1 - $243</td>
<td>1</td>
<td>628,538</td>
<td>0 days</td>
<td>None</td>
</tr>
<tr>
<td>Investments in Multi-Strategy Funds</td>
<td>$102 - $1,087,010</td>
<td>15</td>
<td>86,788,881</td>
<td>35 - 775 days</td>
<td>1 Fund has a lock up provision of 2 yrs, 2 Funds have 1 yr lock up, 1 Fund has an 18 month lock up</td>
</tr>
<tr>
<td>Investments in Core-Property Funds</td>
<td>N/A</td>
<td>1</td>
<td>890,249</td>
<td>30 days</td>
<td>None</td>
</tr>
<tr>
<td>Investments in Private Equity Funds</td>
<td>N/A</td>
<td>21</td>
<td>38,259,189</td>
<td>No liquidity</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,902,310</strong></td>
<td><strong>54</strong></td>
<td><strong>$254,097,060</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Redemption terms represent the liquidity frequency and the notification period related to each investment fund. The liquidity frequency refers to the frequency in which the Foundation is permitted to liquidate the related fund. The notification period refers to the time period in which the Foundation must inform the fund manager prior to its intent to commence liquidation of the fund.

- 19 -
a. Long-biased, equity hedge funds with a quant focus of investing in U.S. equities. The objective is to generate attractive net returns over the S&P 500 with lower volatility.

b. Hedged equity fund with a long bias, designed to give the manager the flexibility to invest both long and short in accordance with their global approach embracing a combination of growth, value, fundamental and technical elements. The objective is to outperform equities with less volatility and more consistent results than a long-only approach.

c. Focus on companies undergoing some form of transformation to their historical businesses or capital structures. The funds employ a disciplined process of fundamental, legal and regulatory analysis to identify misperceptions and mispricings (in both equity and credit markets) that have the potential to lead to outsized returns on capital.

d. Multiple strategies, including: convertible bond arbitrage, event-driven, equity restructuring and merger arbitrage, statistical equity arbitrage, global energy, options trading, fundamental long/short equity and fixed-income.

e. Private REIT investing directly in U.S. real properties; sectors (apt, office, retail, industrial).

f. Private equity funds are investment funds organized as limited partnerships that are not publicly traded. The funds use extensive use of debt financing to purchase companies, which they restructure and attempt to resell for a higher value.

8. ENDOWMENT FUNDS

The Foundation follows the provisions of the “Not-for-Profit Entities Topic” of ASC 958, related to enhanced disclosures for endowment funds. On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). The Foundation adopted provisions regarding the classification of donor restricted endowment funds. Specifically, the Foundation shall classify the portion of the endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to unrestricted net assets would not occur until the purpose restriction also has been met.

Interpretation of Relevant Law

The spending of endowment funds by a not-for-profit corporation in the State of New York is currently governed by the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). The Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of accumulation is added to the fund. The remaining portion of the donor restricted endowment fund (net investment earnings) that is not restricted by donors as permanently restricted is classified as temporarily restricted net assets due to time and/or purpose restrictions. The purpose restricted portion of the temporarily restricted endowment fund will be released when the respective donor restricted purposes are fulfilled. The time restricted portion of the temporarily restricted endowment fund will be released when those amounts are appropriated for expenditure by the Foundation.

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the endowment funds.
- The purpose of the Foundation and the donor restricted endowment funds.
• General economic conditions.
• The possible effects of inflation and deflation.
• The expected total return from income and appreciation/depreciation of investments.
• Other resources for the Foundation.
• Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on the Foundation.

Spending Formula
The Foundation’s investments are managed to achieve the maximum total return within tolerable risk levels. The Foundation has a policy, whereby a portion of the investment income and realized and unrealized investment gains/losses are distributed each year for spending purposes. During fiscal years 2018 and 2017, the Foundation allocated a portion of its earnings to temporarily restricted net assets for campus programs at a defined rate based on the average market value of their respective net asset balances averaged over the previous five fiscal years. Such rate was 5.50% for temporarily restricted net assets during fiscal years 2018 and 2017. The Foundation charged the temporarily restricted net assets for campus programs a fee for administrative services at a rate of 1.0% for fiscal years 2018 and 2017 on the average market value of their respective net asset balances over the previous five fiscal years, which results in a net 4.5%, available for program spending during fiscal years 2018 and 2017. These administrative fees aggregated $1,491,508 and $1,597,359 in fiscal years 2018 and 2017, respectively, and are included within the combined statement of activities as an offset to revenue from contracts and other support.

Endowment Investment Policy
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of returns that can be utilized to fund its programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds.

Under this policy, as approved by the investment committee, the endowment assets are invested in a manner that is intended to achieve investment returns that are competitive versus pools of assets of similar nature and circumstances.

Endowment net assets consisted of the following at June 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted fund</td>
<td>$ -</td>
<td>$ 61,434,985</td>
<td>$ 176,629,481</td>
<td>$ 238,064,466</td>
</tr>
<tr>
<td>Board-designated fund</td>
<td>6,891,204</td>
<td>-</td>
<td>-</td>
<td>6,891,204</td>
</tr>
<tr>
<td>Total endowment net assets</td>
<td>$ 6,891,204</td>
<td>$ 61,434,985</td>
<td>$ 176,629,481</td>
<td>$ 244,955,670</td>
</tr>
</tbody>
</table>
STONY BROOK FOUNDATION, INC. AND AFFILIATE
Notes to Combined Financial Statements
June 30, 2018 and 2017

Endowment net assets consisted of the following at June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Designated</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$ 5,533,010</td>
<td>$ 56,099,154</td>
<td>$ 172,334,690</td>
<td>$ 228,433,844</td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,533,010</td>
</tr>
<tr>
<td>Total endowment net assets</td>
<td>$ 5,533,010</td>
<td>$ 56,099,154</td>
<td>$ 172,334,690</td>
<td>$ 233,966,854</td>
</tr>
</tbody>
</table>

The following tables present the composition of endowment net assets by fund type at June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018 Unrestricted</th>
<th>2018 Temporarily Designated</th>
<th>2018 Permanently Restricted</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, June 30, 2017</td>
<td>$ 5,533,010</td>
<td>$ 56,099,154</td>
<td>$ 172,334,690</td>
<td>$ 233,966,854</td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,153,198</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>413,759</td>
<td>13,035,126</td>
<td>-</td>
<td>13,448,885</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>161,938</td>
<td>6,902,525</td>
<td>-</td>
<td>7,064,463</td>
</tr>
<tr>
<td>Transfers of net assets</td>
<td>-</td>
<td>(4,833)</td>
<td>(3,293,506)</td>
<td>(3,298,339)</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>-</td>
<td>(7,779,074)</td>
<td>-</td>
<td>(7,779,074)</td>
</tr>
<tr>
<td>Gifts and other fund additions</td>
<td>-</td>
<td>(421,740)</td>
<td>7,534,420</td>
<td>7,112,680</td>
</tr>
<tr>
<td>Donor stipulated transfers of net assets</td>
<td>983,118</td>
<td>(117,535)</td>
<td>53,877</td>
<td>919,460</td>
</tr>
<tr>
<td>Investment fees and taxes</td>
<td>(200,621)</td>
<td>(7,431,836)</td>
<td>-</td>
<td>(7,632,457)</td>
</tr>
<tr>
<td>Endowment net assets, June 30, 2018</td>
<td>$ 6,891,204</td>
<td>$ 61,434,985</td>
<td>$ 176,629,481</td>
<td>$ 244,955,670</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017 Unrestricted</th>
<th>2017 Temporarily Designated</th>
<th>2017 Permanently Restricted</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, June 30, 2016</td>
<td>$ 4,780,697</td>
<td>$ 49,581,539</td>
<td>$ 165,294,639</td>
<td>$ 219,656,875</td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>777,475</td>
<td>-</td>
<td>777,475</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>467,276</td>
<td>16,362,533</td>
<td>-</td>
<td>16,829,809</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>5,630</td>
<td>1,831,474</td>
<td>-</td>
<td>1,837,104</td>
</tr>
<tr>
<td>Transfers of net assets</td>
<td>-</td>
<td>216,425</td>
<td>(4,029,868)</td>
<td>(3,813,443)</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>-</td>
<td>(6,321,457)</td>
<td>-</td>
<td>(6,321,457)</td>
</tr>
<tr>
<td>Gifts and other fund additions</td>
<td>-</td>
<td>1,920,693</td>
<td>10,991,184</td>
<td>12,911,877</td>
</tr>
<tr>
<td>Donor stipulated transfers of net assets</td>
<td>451,160</td>
<td>(459,130)</td>
<td>78,735</td>
<td>70,765</td>
</tr>
<tr>
<td>Investment fees and taxes</td>
<td>(171,753)</td>
<td>(7,810,398)</td>
<td>-</td>
<td>(7,982,151)</td>
</tr>
<tr>
<td>Endowment net assets, June 30, 2017</td>
<td>$ 5,533,010</td>
<td>$ 56,099,154</td>
<td>$ 172,334,690</td>
<td>$ 233,966,854</td>
</tr>
</tbody>
</table>
9. LAND, BUILDINGS, EQUIPMENT AND COLLECTIONS

Land, buildings, equipment and collections, net are summarized as follows at June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$ 6,776,168</td>
<td>$ 6,776,168</td>
</tr>
<tr>
<td>Land improvements</td>
<td>390,090</td>
<td>390,090</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>172,712</td>
<td>163,401</td>
</tr>
<tr>
<td></td>
<td>7,338,970</td>
<td>7,329,659</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(3,326,238)</td>
<td>(3,091,409)</td>
</tr>
<tr>
<td></td>
<td>4,012,732</td>
<td>4,238,250</td>
</tr>
<tr>
<td>Land</td>
<td>1,122,854</td>
<td>1,122,854</td>
</tr>
<tr>
<td>Artwork and books</td>
<td>6,554,968</td>
<td>6,534,764</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>95,333</td>
<td>5,545,670</td>
</tr>
<tr>
<td></td>
<td><strong>$11,785,887</strong></td>
<td><strong>$17,441,538</strong></td>
</tr>
</tbody>
</table>

Depreciation for the years ended June 30, 2018 and 2017 totaled $247,866 and $311,941, respectively.

In an effort to reduce potential risks and exposure associated with assets used within the research and teaching environment, management has decided to transfer title of certain equipment to Stony Brook University. During fiscal year 2018 and 2017, $7,211,843 and $4,830,598, respectively, of equipment acquisitions, land improvements and building, which were recorded as gift and donations within the combined statement of functional expenses were transferred to Stony Brook University.

10. CONDITIONAL PROMISES TO GIVE

During fiscal 2018, the Foundation recognized revenue totaling $3,363,235 related to the conditional promises to give for which the conditions had been met during the year. As of June 30, 2018, the Foundation had $5,142,939 of conditional promises to give remaining, of which $848,235 is conditional upon the continued employment of certain faculty, $2,700,000 is conditional upon matching, $50,000 is conditional upon pending future supplemental retirement proceeds, $800,600 is conditional on a year by year basis, and $744,104 is conditional upon the fulfillment of specific reporting/milestones.

11. FUNDS HELD IN TRUST FOR OTHERS

The Foundation holds funds as a trustee/disbursing agent for auxiliary agencies of Stony Brook University, which amounted to $30,941,241 and $34,356,424 as of June 30, 2018 and 2017, respectively. The amounts included in cash and cash equivalents are $23,278,609 and $26,794,244 as of June 30, 2018 and 2017, respectively. The balance is included in other investments in the accompanying combined statement of financial position. The Foundation charges fees to these agencies for administrative costs, based upon negotiated rates, which amounted to $1,932,062 and $2,058,544 for fiscal years 2018 and 2017, respectively, and are included in contracts and other support in the combined statement of activities.
12. LONG-TERM DEBT

On November 30, 2016, the Foundation entered into an agreement to refinance previously issued Town of Brookhaven Industrial Development Agency bonds through an unsecured commercial loan in the amount of $1,020,315, maturing on September 30, 2020. The annual interest rate is fixed at 2.92% for the four year term of the loan. Debt covenants include a debt service coverage ratio of at least 1.25 to 1.00. The Foundation was in compliance with this covenant at June 30, 2018.

At June 30, 2018, future principal payments on the commercial loan are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$318,850</td>
</tr>
<tr>
<td>2020</td>
<td>255,080</td>
</tr>
<tr>
<td>2021</td>
<td>63,765</td>
</tr>
<tr>
<td></td>
<td><strong>$637,695</strong></td>
</tr>
</tbody>
</table>

13. OTHER AFFILIATE ORGANIZATION

Long Island High Technology Incubator, Inc. - In 1985, the New York State Legislature allocated certain funds to the Urban Development Corporation for the purpose of forming an incubator project on the campus of Stony Brook University. Long Island High Technology Incubator, Inc. (“LIHTI”) was formed for the purpose of administering the project. The purpose of such project is to provide a leadership role in promoting economic development on Long Island. The Foundation has entered into a partnership with the Research Foundation of Stony Brook University as co-members of LIHTI in order to promote the project. This arrangement is to operate the on-campus incubator/innovation facility, which commenced operations in November 1992.

14. CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Foundation to credit risk, consist principally of temporary cash investments. The Foundation places its temporary cash investments with various financial institutions. The cash amounts exceed the Federal Deposit Insurance Corporation coverage limit. The Foundation does not anticipate any losses on such accounts.

At June 30, 2018 and 2017, approximately 61% and 58%, respectively, of pledges receivable are due from one donor.

15. LINE OF CREDIT

At June 30, 2018 and 2017, the Foundation maintained a $20,000,000 line of credit with a financial institution. As of June 30, 2018 and 2017, the Foundation had no borrowings against the line of credit. Any borrowings under the line of credit would bear interest at the amount of each CB Floating Rate Advance at the CB Floating rate plus the Applicable Margin and each LIBOR rate advance at the adjusted LIBOR rate. The CB Floating Rate is defined as the greater of the prime rate and the adjusted one month LIBOR rate. The Applicable Margin is defined as 1.00% per annum in respect to any LIBOR rate advance. The agreement expires on December 31, 2018.
16. STONY BROOK FOUNDATION REALTY

During 1990, SBFR leased from SUNY and New York State a 11-acre parcel of land for the purpose of constructing a campus hotel. The Foundation provided SBFR with $450,000, evidenced by a note for the aforementioned purpose. The Foundation charged SBFR interest of 10% on the outstanding balance under this note through June 30, 1990 and, thereafter, no interest has been charged.

The original ground lease between SBFR and State University of New York was amended in November 2009 to revise the payment provision. Under the amendment, rent payments commenced in February 2013, the month in which the Hotel was first opened to the public for business. In April 2017, the ground lease was amended to extend the lease from December 4, 2049 to December 4, 2072.

17. COMMITMENTS, CONTINGENCIES AND RELATED ORGANIZATION TRANSACTIONS

The Foundation leases certain ground space, office facility space and residential properties under operating leases that have initial or remaining noncancellable terms in excess of one year that expire through 2072.

At June 30, 2018, future minimum rental payments, by year and in the aggregate, under the leases are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$365,899</td>
</tr>
<tr>
<td>2020</td>
<td>139,700</td>
</tr>
<tr>
<td>2021</td>
<td>100,000</td>
</tr>
<tr>
<td>2022</td>
<td>100,000</td>
</tr>
<tr>
<td>2023</td>
<td>100,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$4,942,618</td>
</tr>
<tr>
<td></td>
<td>$5,748,217</td>
</tr>
</tbody>
</table>

In 1989, the State University of New York leased to Stony Brook Foundation Realty, Inc. (“SBFR”), a wholly-owned affiliate of the Foundation, a parcel of land comprising approximately 11 acres adjacent to the Stony Brook University campus (the “Hotel Site”) for the purpose of constructing a hotel. In order to pay for the expenses incurred by SBFR in connection with the aforesaid lease, SBFR borrowed $450,000 from the Foundation, evidenced by a note (the “Foundation Loan”). The Foundation charged SBFR interest on the outstanding balance of the Foundation Loan through June 30, 1990 and, thereafter, no interest has been charged. At June 30, 2018 and 2017, the outstanding balance on this loan was $318,434 and $368,434, respectively, and is eliminated in the combined statement of financial position.

In September 2009, SBFR subleased the Hotel Site to SBHC Private Equity IV, LLC (“SBHC”) for the construction and operation of the Hotel with a sublease termination date of June 2049 (the “Sublease”). Sublease rent payments equal $100,008 for the year and commenced on February 14, 2013. Every year on February 1st, the Sublease anniversary date, the Sublease rent payments will increase 3%. In addition to rent payments, the Foundation received a 3% membership interest in the Hotel pursuant to the Sublease. For the years ended June 30, 2018 and 2017, Sublease rent was equal to $156,252 and $148,367, respectively.
During 2009, SBFR entered into an operating agreement with SBHC which provided the Foundation with a 3% interest in profits and losses of the SBHC. The intent of this agreement was to supplement the rental income from the Sublease entered into with SBHC.

The Research Foundation of the State University of New York (“Research Foundation”) pays payroll and certain related costs (including employee benefit expenses, which are charged at a percentage agreed upon by the parties) for the Foundation. The Foundation subsequently reimburses the Research Foundation for all of these costs, plus a processing fee. At June 30, 2018 and 2017, $786,844 and $808,780, respectively, were due to the Research Foundation for payroll and related costs. Such amounts are included in accounts payable and accrued expenses in the accompanying combined statement of financial position.
COMBINING SUPPLEMENTAL SCHEDULES
## STONY BROOK FOUNDATION, INC. AND AFFILIATE
### Combining Schedule of Financial Position
#### As of June 30, 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Stony Brook Foundation, Inc.</th>
<th>Stony Brook Foundation Realty, Inc.</th>
<th>Eliminations</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$65,690,743</td>
<td>$301,752</td>
<td>$ -</td>
<td>$65,992,495</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>$98,905,845</td>
<td>-</td>
<td>-</td>
<td>$98,905,845</td>
</tr>
<tr>
<td>Loans and other receivables</td>
<td>$127,499</td>
<td>-</td>
<td>-</td>
<td>$127,499</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$744,311</td>
<td>-</td>
<td>-</td>
<td>$744,311</td>
</tr>
<tr>
<td>Inventory</td>
<td>$22,320</td>
<td>-</td>
<td>-</td>
<td>$22,320</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanently restricted investments</td>
<td>$159,301,683</td>
<td>-</td>
<td>-</td>
<td>$159,301,683</td>
</tr>
<tr>
<td>Other investments</td>
<td>$169,431,574</td>
<td>100</td>
<td>-</td>
<td>$169,431,674</td>
</tr>
<tr>
<td>Total investments</td>
<td>$328,733,257</td>
<td>100</td>
<td>-</td>
<td>$328,733,357</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>$100,000</td>
<td>225,502</td>
<td>-</td>
<td>$325,502</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>$3,318,434</td>
<td>-</td>
<td>(318,434)</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Land, buildings, equipment and collections, net</td>
<td>$11,785,887</td>
<td>-</td>
<td>-</td>
<td>$11,785,887</td>
</tr>
<tr>
<td>Total assets</td>
<td>$509,428,296</td>
<td>$527,354</td>
<td>(318,434)</td>
<td>$509,637,216</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>Stony Brook Foundation, Inc.</th>
<th>Stony Brook Foundation Realty, Inc.</th>
<th>Eliminations</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$7,157,777</td>
<td>$513,571</td>
<td>(318,434)</td>
<td>$7,352,914</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$245,039</td>
<td>237,914</td>
<td>-</td>
<td>$482,953</td>
</tr>
<tr>
<td>Annuities payable</td>
<td>$534,365</td>
<td>-</td>
<td>-</td>
<td>$534,365</td>
</tr>
<tr>
<td>Funds held in trust for others</td>
<td>$30,941,241</td>
<td>-</td>
<td>(318,434)</td>
<td>$30,941,241</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$637,695</td>
<td>-</td>
<td>-</td>
<td>$637,695</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$39,516,117</td>
<td>751,485</td>
<td>(318,434)</td>
<td>$39,949,168</td>
</tr>
</tbody>
</table>

| Unrestricted net assets | | | | |
| Undesignated | $23,825,417 | (233,730) | - | $23,591,687 |
| Designated | $13,646,737 | - | - | $13,646,737 |

| Total unrestricted net assets | $37,472,154 | (233,730) | - | $37,238,424 |

| Temporarily restricted net assets | | | | |
| $255,692,040 | 9,599 | - | - | $255,701,639 |

| Permanently restricted net assets | $176,747,985 | - | - | $176,747,985 |

| Total net assets | $469,912,179 | (224,131) | - | $469,688,048 |

| Total liabilities and net assets | $509,428,296 | $527,354 | (318,434) | $509,637,216 |
## STONY BROOK FOUNDATION, INC. AND AFFILIATE

### Combining Schedule of Activities

For the year ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Stony Brook Foundation, Inc.</th>
<th>Stony Brook Foundation Realty, Inc.</th>
<th>Eliminations</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES, GAINS AND OTHER SUPPORT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts and grants</td>
<td>$ 57,754,936</td>
<td>-</td>
<td>$ -</td>
<td>$ 57,754,936</td>
</tr>
<tr>
<td>Gifts-in-kind and contributed services</td>
<td>814,421</td>
<td>-</td>
<td>-</td>
<td>814,421</td>
</tr>
<tr>
<td>Contracts and other support</td>
<td>3,733,204</td>
<td>-</td>
<td>-</td>
<td>3,733,204</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>1,827,114</td>
<td>-</td>
<td>-</td>
<td>1,827,114</td>
</tr>
<tr>
<td>Net realized gains on investments</td>
<td>10,336,357</td>
<td>-</td>
<td>-</td>
<td>10,336,357</td>
</tr>
<tr>
<td>Net unrealized appreciation on investments</td>
<td>18,517,709</td>
<td>-</td>
<td>-</td>
<td>18,517,709</td>
</tr>
<tr>
<td>Net loss on disposal of capital assets</td>
<td>(35,000)</td>
<td>-</td>
<td>-</td>
<td>(35,000)</td>
</tr>
<tr>
<td>Net loss on sale of inventory</td>
<td>(5,100)</td>
<td>-</td>
<td>-</td>
<td>(5,100)</td>
</tr>
<tr>
<td>Rental income</td>
<td>288,458</td>
<td>156,252</td>
<td>-</td>
<td>444,710</td>
</tr>
<tr>
<td>Other income</td>
<td>24,668</td>
<td>-</td>
<td>-</td>
<td>24,668</td>
</tr>
</tbody>
</table>

Total revenues, gains, and other support 93,256,767 156,252 - 93,413,019

<table>
<thead>
<tr>
<th><strong>EXPENSES</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus program expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>16,059,319</td>
<td>-</td>
<td>-</td>
<td>16,059,319</td>
</tr>
<tr>
<td>Research</td>
<td>3,842,391</td>
<td>-</td>
<td>-</td>
<td>3,842,391</td>
</tr>
<tr>
<td>Public service</td>
<td>2,850,826</td>
<td>-</td>
<td>-</td>
<td>2,850,826</td>
</tr>
<tr>
<td>Academic support</td>
<td>1,018,272</td>
<td>-</td>
<td>-</td>
<td>1,018,272</td>
</tr>
<tr>
<td>Student services</td>
<td>478,647</td>
<td>-</td>
<td>-</td>
<td>478,647</td>
</tr>
<tr>
<td>Institutional support</td>
<td>19,506,826</td>
<td>5,612,244</td>
<td>-</td>
<td>25,119,070</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>4,188,298</td>
<td>-</td>
<td>-</td>
<td>4,188,298</td>
</tr>
</tbody>
</table>

Total campus program expenses 47,944,579 5,612,244 - 53,556,823

|                     | 3,674,494                 | 7,361                               | -            | 3,681,855      |
|                     | 3,701,167                 | -                                   | -            | 3,701,167      |
|                     | 247,866                   | -                                   | -            | 247,866        |

Total expenses 55,568,106 5,619,605 - 61,187,711

| Change in net assets | 37,688,661                | (5,463,353)                         | -            | 32,225,308     |
| Net assets, beginning of year | 432,223,518              | 5,239,222                           | -            | 437,462,740    |

Net assets, end of year $ 469,912,179 $ (224,131) $ - $ 469,688,048