

2004-2005
Annual Financial Report
Stony Brook University

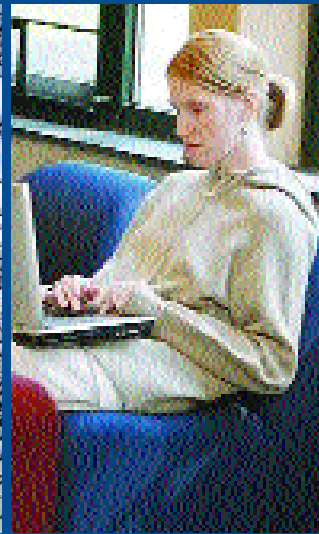
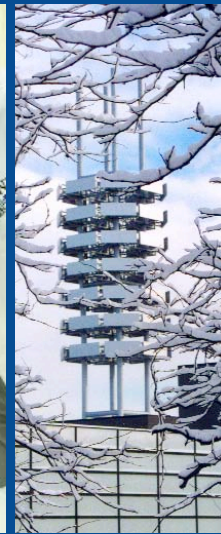
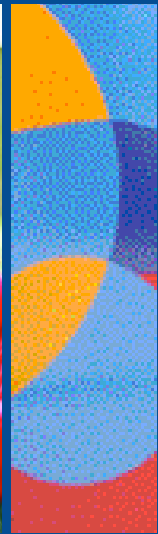




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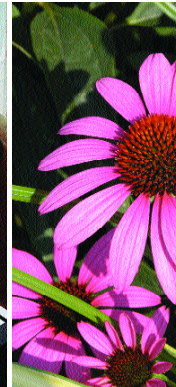
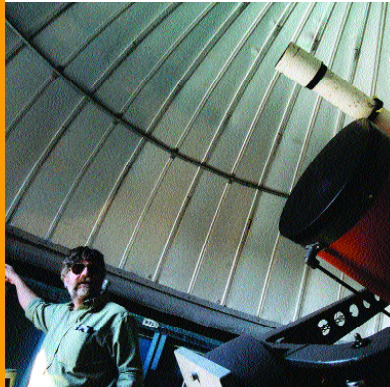
TOPPING THE CHARTS

- **TOP 2 PERCENT** of all universities in the world
- **TOP 50** universities in North America
- **TOP 100** in the world, **TOP 25** in North America, and **TOP 10** among public science universities

—*London Times Higher Education Supplement*

- **TOP 100** national universities in America
 - **TOP 50** public national universities in the country
- U.S. News & World Report*

- **TOP 100-150** universities in the world
- Institute of Higher Education in Shanghai*



A WORLD-CLASS UNIVERSITY

In a little less than 50 years, Stony Brook University transformed itself from a small college with a mandate to “prepare teachers of science and mathematics for secondary schools and community colleges” to an internationally acclaimed research institution that ranks among the top 2 percent of all universities worldwide, according to the *London Times Higher Education Supplement*. Stony Brook is also a member of the elite Association of American Universities, one of 62 institutions including Harvard, MIT, and Yale.

Home to more than 22,000 students, Stony Brook’s 1,100 wooded acres include a pond, bike trails, and an inviting Academic Mall. The University is 60 miles east of New York City on Long Island’s North Shore, a seashell’s throw from Long Island Sound and less than an hour from the world-renowned Hamptons beaches.

Stony Brook prides itself on having created a learning environment that brings out the best in our high-achieving students. In addition to working with professors who are experts in their chosen fields, students have access to cutting-edge computing facilities and a 2-million-volume library.

And since learning doesn’t stop at the classroom door, there is a state-of-the-art 8,300-seat stadium to watch our NCAA Division I sports teams, and the Staller Center for the Arts, featuring Broadway-caliber shows and concerts, first-run movies on the area’s largest film screen, and an annual independent film festival.





STRONG COMMITMENT TO RESEARCH

From the practice rooms at the Staller Center to the rain forests of Madagascar to the artifacts found on archeological digs, undergraduates work side by side with graduate students, post-graduates, and faculty famous for their innovative thinking. They conduct research, make discoveries, and create new knowledge in virtually every field. The cause of Lyme disease was discovered here, and so was the link between smoking and emphysema.

In recognition of its accomplishments in integrating education and research, Stony Brook was one of only ten recipients nationwide of a National Science Foundation award. Stony Brook's groundbreaking Women in Science and Engineering program for undergraduates has been cited as "an outstanding program that supports and mentors talented women in math and science" by the National Science Foundation. It also has received a Progress in Equity Award.

In addition, the Graduate School was presented with the first-ever CGS/Petersen's Award for Innovation in Promoting an Inclusive Graduate Community. This award recognized Stony Brook's commitment to promoting campus-wide diversity initiatives in higher education to advance a multicultural perspective among faculty, administrators, and students that fosters the exchange of ideas and enhances learning.

REINVENTING UNDERGRADUATE EDUCATION

Stony Brook is home to The Reinvention Center, which focuses on undergraduate education at research universities. The Center was born of the excitement and intense national and international interest generated by the Boyer Commission Report, *Reinventing Undergraduate Education: A Blueprint for America's Research Universities*, chaired by Stony Brook University President Shirley Strum Kenny. Its mission is to sustain the focus on undergraduate education inspired by the report and be an active and informed voice for promoting change.

One of the ways Stony Brook is transforming the undergraduate student experience is through the new Undergraduate College system. Every first-year student enters Stony Brook as a member of one of six Undergraduate Colleges, designed to support and develop the unique interests of students and assist them in taking advantage of the vast resources Stony Brook has to offer. The Colleges are small but vital communities, offering individualized support while tailoring the first-year experience for students with similar interests. The six Undergraduate Colleges are: Arts, Culture, and Humanities; Global Studies; Human Development; Information and Technology Studies; Leadership and Service; and Science and Society.





All Undergraduate Colleges include customized advising and support, special educational and social programs, and opportunities for close interaction with faculty and fellow students around themes of common interest. Both commuter and residential students are welcomed into College life. First-year resident members of each College are housed together in the same residential quadrangle. First-year commuters have a centrally located home on the Academic Mall.

LONG ISLAND'S ECONOMIC ENGINE

The University is estimated to have a regional economic impact of \$2.5 billion, perhaps the highest return on any of New York State's investments. The school is the largest single-site employer on Long Island, with more than 12,500 full- or part-time employees.

What sets Stony Brook apart from most other institutions of its kind is the University's commitment to support and partner with local businesses. The University has developed several innovative economic development programs that provide vital assistance to Long Island's growing companies in achieving their goals.

The University also sponsors two Centers for Advanced Technology, which are designed to promote industry growth vital to the state's economic future. Also fueling new economic growth is the University's Long Island High Technology Incubator, where entrepreneurs occupy nearly 200,000 square feet of commercial space and have earned more than \$100 million in gross revenues while employing 600 Long Islanders. A second incubator, founded in cooperation with Computer Associates International Inc., is devoted to software development, making Stony Brook the only SUNY campus with two new business incubators. The Small Business Development Center at Stony Brook has assisted more than 4,000 clients in obtaining more than \$50 million in business financing.

Selected to manage Brookhaven National Laboratory, in partnership with Battelle Memorial Institute, Stony Brook joins an elite group of universities — including the University of California at Berkeley, University of Chicago, Cornell University, Massachusetts Institute of Technology, and Princeton University — that run federal laboratories. Brookhaven Lab supports 700 full-time scientists and hosts more than 4,000 visiting researchers a year.

A GLOBAL LEADER

Whether it's redefining the way research universities approach undergraduate education, making ground-breaking discoveries in science, medicine, and technology, infusing the region's economy with new vigor and strength, or providing primary medical services to more than half a million Long Islanders, Stony Brook is, by any measure, one of the nation's premier universities.

LETTER TO THE PRESIDENT

December 12, 2005

President Shirley Strum Kenny
State University of New York at Stony Brook
Administration Building, Room 310
Stony Brook, NY 11794-1701

Dear Dr. Kenny:

The accompanying financial statements prepared from the accounting records of the State University of New York at Stony Brook set forth the financial condition of the University at June 30, 2005 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 are provided to allow comparisons with the previous reporting period.

The financial information included in this report incorporates the major operations of the University, including the separate entities of the State University of New York, the Research Foundation of the State University of New York, the Stony Brook Foundation, and the Faculty Student Association. It does not include the financial operations of the Clinical Practice Management Plan, which is separately reported to you. 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.

A handwritten signature in black ink that reads "Richard L. Mann". The signature is written in a cursive, slightly slanted style.

Richard L. Mann
Vice President for Administration

FINANCIAL HIGHLIGHTS

FACTS ABOUT STONY BROOK UNIVERSITY

Stony Brook University, one of sixty-four campuses that constitute the State University of New York, ranks in the top 2% of all universities in the world. The *London Times Higher Education Supplement* placed Stony Brook 136 among more than 8,300 universities worldwide, and in the top 50 in North America. Among science universities, Stony Brook ranks in the top 100 in the world, top 25 in North America, and top 10 among public universities.

RESEARCH AWARDS \$124 MILLION

REVENUES FISCAL 2005 \$1.4 BILLION

EXPENDITURES FISCAL 2005 \$1.3 BILLION

AWARDS BY SOURCE

| | |
|--------------------------|------------|
| Federal | 95 million |
| Corporate and University | 14 million |
| State and Local | 9 million |
| Philanthropic | 4 million |
| Other | 2 million |

PRIVATE SUPPORT

| | |
|---|---------------|
| Total Amount Raised in Fiscal 2005 | 15.1 million |
| Stony Brook Foundation Total Assets (market value June 30, 2005) | 105.3 million |

STUDENT STATISTICS - FALL 2005

| | |
|--------------------------------------|--------|
| Total number of students | 22,012 |
| Total undergraduate students | 14,288 |
| Women | 7,076 |
| Men | 7,212 |
| Average High School GPA for Freshmen | 91 |
| Average SAT Score for Freshmen | 1,209 |

ENROLLMENT DEMOGRAPHICS

| | |
|----------------------|--------|
| Long Island | 11,810 |
| New York City | 5,532 |
| Other New York State | 1,376 |
| Other U.S. | 990 |
| Other Countries | 2,212 |
| Unknown | 92 |

TOTAL ADVANCED DEGREE ENROLLMENT

| | |
|-----------------------------|-------|
| Number of Graduate Students | 7,724 |
| West Campus | 1,448 |
| HSC Campus | 5,675 |
| School of Medicine | 448 |
| School of Dental Medicine | 153 |

FINANCIAL HIGHLIGHTS

ECONOMIC IMPACT

Stony Brook University generates more than \$2.5 billion annually in regional economic impact. As Long Island's largest single-site employer, the University has more than 12,500 full and part-time employees.

EMPLOYMENT

| | |
|--------------------------------------|--------|
| Total Employees (Full and part time) | 13,084 |
| Academic | 3,689 |
| Non-Academic | 4,213 |
| Hospital | 5,182 |

TOTAL REVENUE BY SOURCE

| | |
|------------------------|---------------|
| Tuition and Fees | \$193,057,630 |
| State Appropriations | 194,076,363 |
| Hospital | 561,191,579 |
| Research | 124,349,948 |
| Stony Brook Foundation | 25,119,921 |
| Auxiliary Enterprise | 72,497,493 |
| LI State Veterans Home | 31,906,734 |
| Capital Construction | 54,667,216 |
| Other | 70,611,806 |

UNDERGRADUATE FIELDS OF STUDY

| | |
|--------------------------------|-------|
| Social Sciences | 3,627 |
| Physical Science & Mathematics | 709 |
| Health Professions | 831 |
| Engineering/Computer Science | 2,386 |
| Biological Science | 1,923 |
| Humanities and Fine Arts | 1,266 |
| Special/Undeclared | 3,845 |

FULL TIME STUDENT TUITION AND FEES (05/06)

| | |
|------------------------|----------|
| Undergraduate Students | \$ 6,484 |
| Nonresident Students | 12,744 |
| Graduate Students | 8,514 |
| Nonresident Students | 12,534 |

OTHER HIGHLIGHTS

- The School of Medicine was named one of the nation's top 50 primary care training programs by *U.S. News & World Report*.
- Stony Brook had royalty income of \$12.7M, 94% of SUNY's total and typically more royalty income than Harvard or Johns Hopkins.
- *Kiplinger's Personal Finance* ranks Stony Brook as one of the "Best 100 Values" among public universities.
- Stony Brook ranked eighth among public universities with students going on to elite graduate programs by the *Wall Street Journal*.

FINANCIAL HIGHLIGHTS

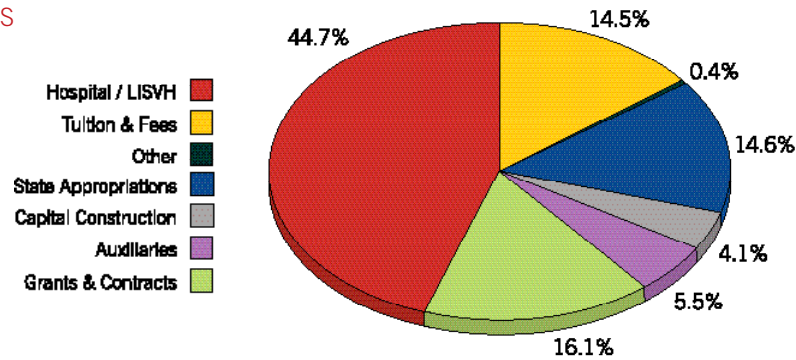
THE YEAR'S FINANCIAL RESULTS

The 2004/05 fiscal year generated revenues of \$1,327,478,690, exceeding 2003/04 by \$107 million or 9%. The increase in revenue was in part the result of:

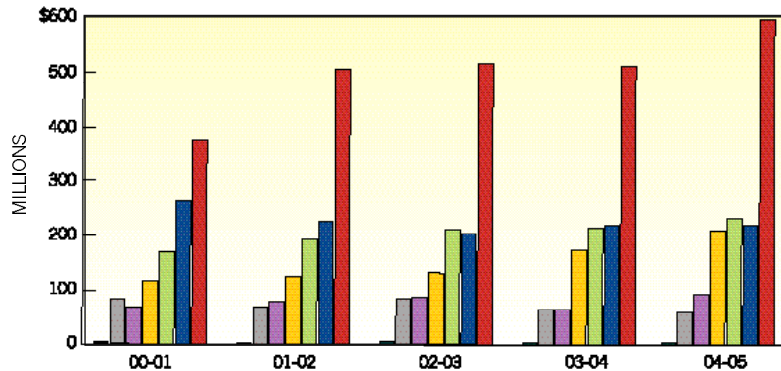
- Hospital revenues increased by \$82 million or 16%, attributable to patient revenues of \$42 million and a \$40 million prior year revenue reduction for DSH payment.
- Revenues from gifts, grants and contracts rose by \$18 million, a 9% increment from prior year.
- Educational revenues exceeded fiscal year 2003/04 by \$18 million, or 10%.
- Proceeds for Plant funds were \$13 million less as construction projects were completed.

The following graphs depict revenue as a percentage of current year earnings and the five year trend by revenue source.

2004-05 REVENUES



REVENUES IN ACTUAL DOLLARS



| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Hospital | \$377,984,218 | \$504,131,176 | \$513,304,118 | \$511,377,080 | \$593,098,313 |
| State Appropriations | 246,068,863 | 212,091,019 | 194,705,302 | 196,757,815 | 194,076,363 |
| Grants | 166,914,565 | 190,314,139 | 208,444,493 | 195,716,512 | 213,981,521 |
| Tuition | 118,070,940 | 128,513,306 | 133,513,422 | 175,233,526 | 193,057,630 |
| Auxiliary | 67,857,207 | 77,774,598 | 87,520,519 | 68,197,843 | 72,497,493 |
| Capital Constuction | 81,068,604 | 67,118,735 | 83,593,417 | 68,534,480 | 54,908,308 |
| Other | 3,642,263 | 1,880,111 | 5,004,019 | 4,786,246 | 5,859,062 |

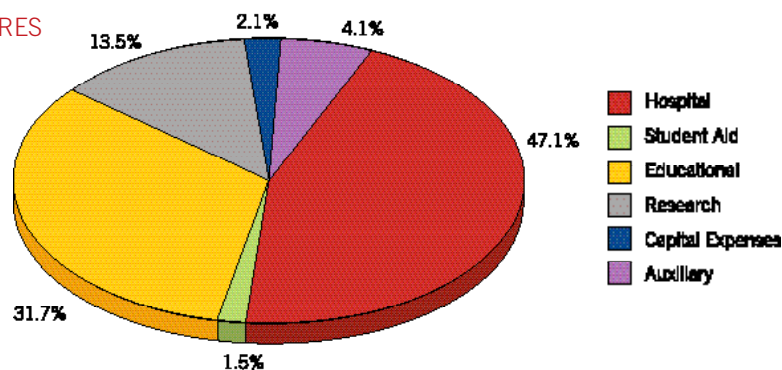
FINANCIAL HIGHLIGHTS

EXPENDITURES

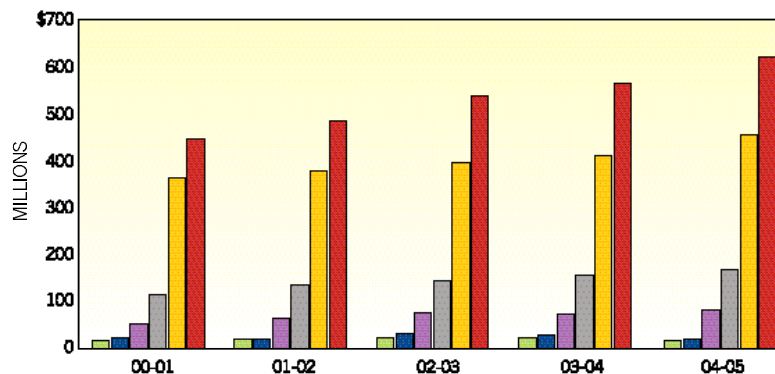
Expenditures increased consistent with revenues to \$1,288,012,825 or \$114 million in excess of 2003/04.

- Hospital expenditures increased by \$55 million, a 10% increment.
- Costs incurred for education, instruction and departmental research exceeded 2003/04 by \$50 million, or 14%.
- Sponsored research costs increased \$9 million, a 5% increment from 2003/04.

2004/05 EXPENDITURES



EXPENDITURES IN ACTUAL DOLLARS



| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|--|---------------|---------------|---------------|---------------|---------------|
| ■ Hospital | \$437,207,158 | \$474,877,916 | \$526,716,214 | \$551,753,387 | \$606,663,870 |
| ■ Educational | 354,723,379 | 368,714,013 | 388,985,667 | 358,937,220 | 407,557,648 |
| ■ Research | 113,417,450 | 132,484,631 | 139,598,602 | 165,832,187 | 174,450,382 |
| ■ Auxiliaries | 50,836,395 | 61,835,107 | 72,546,802 | 47,473,150 | 53,117,011 |
| ■ Capital Expenses | 20,786,220 | 19,931,169 | 30,486,638 | 27,871,118 | 26,701,683 |
| ■ Student Aid | 15,155,213 | 18,045,839 | 22,814,982 | 21,729,344 | 19,522,231 |

ANNUAL FINANCIAL REPORT

BALANCE SHEET

| | FOR THE YEARS ENDING JUNE 30 | |
|---|------------------------------|------------------------|
| | 2005 | 2004 |
| ASSETS | | |
| CURRENT FUNDS | | |
| Unrestricted | | |
| Cash in Bank | \$99,432,042 | \$100,851,083 |
| Marketable securities, at market | 3,129,867 | 1,838,213 |
| State appropriation receivable | 23,260,560 | 17,840,974 |
| Student receivables | 12,167,571 | 9,686,166 |
| Hospital patient receivables (net of allowance for doubtful accounts) | 142,452,114 | 141,567,783 |
| Long Island Veterans receivables | 4,227,465 | 6,508,320 |
| Other receivables | 10,150,799 | 9,155,243 |
| Inventories, at weighted average | 4,202,768 | 3,394,224 |
| Fixed Assets (net) | 5,369,934 | 4,331,556 |
| Other assets | 500,427 | 1,054,380 |
| Total unrestricted | 304,893,547 | 296,227,942 |
| Restricted | | |
| Cash in Bank | 4,761,786 | 5,183,621 |
| Marketable Securities, at market | 45,330,277 | 48,257,584 |
| Other receivables | 2,757,235 | 2,164,107 |
| Other assets | 10,700 | 6,379 |
| Total restricted | 52,859,998 | 55,611,691 |
| Total current funds | 357,753,545 | 351,839,633 |
| LOAN FUNDS | | |
| Funds available for expenditures | 969,292 | 438,787 |
| Loans receivable - students | 7,743,388 | 8,091,064 |
| Total loan funds | 8,712,680 | 8,529,851 |
| ENDOWMENT AND SIMILAR FUNDS | | |
| Cash | 48,000 | 904,634 |
| Marketable Securities, at market | 40,902,444 | 36,503,775 |
| Accounts Receivable | 65,355 | 117,290 |
| Total endowment and similar funds | 41,015,799 | 37,525,699 |
| LIFE ANNUITY FUNDS | | |
| Marketable Securities, at market | 583,758 | 578,149 |
| Total life annuity funds | 583,758 | 578,149 |
| PLANT FUNDS | | |
| Unexpended | | |
| Cash | 16,313 | 16,131 |
| Plant assets | 7,934,038 | 8,893,318 |
| Other assets | 123,803 | 132,546 |
| Total unexpended | 8,074,154 | 9,041,995 |
| Investment in plant | | |
| Land and Improvements | 5,361,575 | 5,531,161 |
| Buildings | 424,871,228 | 380,796,578 |
| Equipment | 93,799,557 | 77,357,678 |
| Library acquisition | 27,020,828 | 26,097,415 |
| Construction In Progress | 88,783,784 | 120,827,868 |
| Total investment in plant | 639,836,972 | 610,610,700 |
| Total plant funds | 647,911,126 | 619,652,695 |
| TOTAL ALL FUNDS | \$1,055,976,908 | \$1,018,126,027 |

ANNUAL FINANCIAL REPORT

BALANCE SHEET

| | FOR THE YEARS ENDING JUNE 30 | |
|--|------------------------------|------------------------|
| | 2005 | 2004 |
| LIABILITIES AND FUND BALANCE | | |
| CURRENT FUNDS | | |
| Unrestricted | | |
| Unremitted collections of revenues | \$19,147,531 | \$21,534,226 |
| Accounts Payable and Notes Payable | 30,914,323 | 35,502,313 |
| Accrued liabilities | 30,090,052 | 22,569,793 |
| Reserve for inventories | 3,914,422 | 3,126,243 |
| Reserve for Hospital | 40,000,000 | 40,000,000 |
| Deferred revenue | 26,881,592 | 24,053,681 |
| Fund balance | 153,945,627 | 149,441,686 |
| Total unrestricted | 304,893,547 | 296,227,942 |
| Restricted | | |
| Accrued liabilities | 1,785,743 | 2,993,394 |
| Funds held in trust for others | 23,872,599 | 28,352,824 |
| Fund balance | 27,201,656 | 24,265,473 |
| Total restricted | 52,859,998 | 55,611,691 |
| Total current funds | 357,753,545 | 351,839,633 |
| LOAN FUNDS | | |
| Fund balance | 8,712,680 | 8,529,851 |
| Total loan funds | 8,712,680 | 8,529,851 |
| ENDOWMENT AND SIMILIAR FUNDS | | |
| Accounts Payable and accrued expenses | 29,401 | 7,778 |
| Fund balance | 40,986,398 | 37,517,921 |
| Total endowment and similar funds | 41,015,799 | 37,525,699 |
| LIFE ANNUITY FUNDS | | |
| Accounts Payable and accrued expenses | 384,907 | 389,296 |
| Fund balance | 198,851 | 188,853 |
| | 583,758 | 578,149 |
| PLANT FUNDS | | |
| Unexpended | | |
| Accounts payable and accrued expenses | 2,942,309 | 3,048,315 |
| Fund balance | 5,131,845 | 5,993,680 |
| Total unexpended | 8,074,154 | 9,041,995 |
| Investment in plant | | |
| Fund balance | 639,836,972 | 610,610,700 |
| Total investment in plant | 639,836,972 | 610,610,700 |
| Total plant funds | 647,911,126 | 619,652,695 |
| TOTAL ALL FUNDS | \$1,055,976,908 | \$1,018,126,027 |

ANNUAL FINANCIAL REPORT

STATEMENT OF CHANGES IN FUND BALANCES

| | FOR THE YEARS ENDING JUNE 30 | | | | | | | 2005 | 2004 |
|---|------------------------------|---------------------|--------------------|---------------------------|--------------------|------------------------|----------------------|----------------------|----------------------|
| | CURRENT FUNDS | | LOAN FUNDS | ENDOWMENT & SIMILAR FUNDS | LIFE ANNUITY FUNDS | PLANT FUNDS UNEXPENDED | INVESTMENT IN PLANT | TOTAL ALL FUNDS | TOTAL ALL FUNDS |
| | UNRESTRICTED | RESTRICTED | | | | | | | |
| REVENUES AND OTHER ADDITIONS | | | | | | | | | |
| Educational and general | \$171,247,864 | \$21,391,422 | | \$200,025 | | \$218,319 | | \$193,057,630 | \$175,233,526 |
| Auxiliary enterprise | 72,497,493 | | | | | | | 72,497,493 | 68,197,843 |
| Gifts, grants and contracts | 76,107,916 | 134,592,519 | | 3,126,672 | | 154,414 | | 213,981,521 | 195,716,512 |
| State Appropriations (net of mandatory transfers) | 194,001,593 | | 74,770 | | | | | 194,076,363 | 196,757,815 |
| Investment Gain/(Loss) | 2,300,363 | 1,910,595 | | 1,400,774 | 29,165 | 285 | | 5,641,182 | 4,573,040 |
| Hospital | 561,191,579 | | | | | | | 561,191,579 | 481,522,088 |
| LI Veterans Home services | 31,906,734 | | | | | | | 31,906,734 | 29,854,992 |
| Federal government | | | 91,310 | | | | | 91,310 | 88,794 |
| Interest on loans receivables | | | 126,570 | | | | | 126,570 | 124,412 |
| Expended for plant facilities | | | | | | 241,092 | 54,667,216 | 54,908,308 | 68,534,480 |
| Total revenues & other additions | 1,109,253,542 | 157,894,536 | 292,650 | 4,727,471 | 29,165 | 614,110 | 54,667,216 | 1,327,478,690 | 1,220,603,502 |
| EXPENDITURES AND OTHER DEDUCTIONS | | | | | | | | | |
| Educational and general | 1,013,777,974 | 155,886,040 | | 340,270 | 19,167 | 215,206 | | 1,170,238,657 | 1,064,026,616 |
| Auxiliary enterprise | 53,117,011 | | | | | | | 53,117,011 | 47,473,150 |
| Indirect cost recovered | 37,845,653 | | | | | | | 37,845,653 | 33,853,000 |
| Loan cancellations, repayments, and write-offs | | | 109,821 | | | | | 109,821 | 372,522 |
| Expended for plant facilities | | | | | | | | 0 | 3,049,968 |
| Depreciation of equipment | | | | | | 1,260,739 | 25,440,944 | 26,701,683 | 24,821,150 |
| Total expenditures | 1,104,740,638 | 155,886,040 | 109,821 | 340,270 | 19,167 | 1,475,945 | 25,440,944 | 1,288,012,825 | 1,173,596,406 |
| OTHER TRANSFERS AND ADDITIONS/DEDUCTIONS | | | | | | | | | |
| Transfers among funds | (8,963) | 927,687 | | (918,724) | | | | | |
| Total other transfers and other deductions | (8,963) | 927,687 | | (918,724) | | | | | |
| Net increase (decrease) for the year | 4,503,941 | 2,936,183 | 182,829 | 3,468,477 | 9,998 | (861,835) | 29,226,272 | 39,465,865 | 47,007,096 |
| Fund balance at the beginning of year | 149,441,686 | 24,265,473 | 8,529,851 | 37,517,921 | 188,853 | 5,993,680 | 610,610,700 | 836,548,164 | 789,541,068 |
| FUND BALANCE AT END OF YEAR | \$153,945,627 | \$27,201,656 | \$8,712,680 | \$40,986,398 | \$198,851 | \$5,131,845 | \$639,836,972 | \$876,014,029 | \$836,548,164 |

ANNUAL FINANCIAL REPORT

STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

| FOR THE YEARS ENDING JUNE 30 | | | | | | |
|---|----------------------|--------------------|----------------------|---------------|----------------------|---------------|
| | UNRESTRICTED | RESTRICTED | 2005 TOTAL | % | 2004 TOTAL | % |
| REVENUES | | | | | | |
| Educational and general | | | | | | |
| Student tuition and fees | \$154,783,026 | | \$154,783,026 | 12.3% | \$141,071,735 | 12.3% |
| Sales and services | 15,994,339 | 3,427,162 | 19,421,501 | 1.5% | 13,912,364 | 1.2% |
| Interest income | 470,499 | | 470,499 | 0.0% | 410,164 | 0.0% |
| Student financial aid grants | | 17,964,260 | 17,964,260 | 1.4% | 19,067,342 | 1.7% |
| Investment Income | 2,300,363 | 1,910,595 | 4,210,958 | 0.3% | 3,007,471 | 0.3% |
| Auxiliary enterprises | 72,497,493 | | 72,497,493 | 5.7% | 68,197,843 | 6.0% |
| State Appropriations (net of mandatory transfers) | 194,001,593 | | 194,001,593 | 15.3% | 196,605,794 | 17.2% |
| Gifts, grants and contracts | 76,107,916 | 134,592,519 | 210,700,435 | 16.6% | 192,172,874 | 16.7% |
| Hospital | 561,191,579 | | 561,191,579 | 44.3% | 481,522,088 | 42.0% |
| LI Veterans Home services | 31,906,734 | | 31,906,734 | 2.6% | 29,854,992 | 2.6% |
| | 1,109,253,542 | 157,894,536 | 1,267,148,078 | 100.0% | 1,145,822,667 | 100.0% |
| EXPENDITURES | | | | | | |
| Educational and general | | | | | | |
| Instruction and departmental research | 213,051,234 | 17,734,150 | 230,785,384 | 18.3% | 189,021,783 | 16.5% |
| Organized research | 11,762,026 | | 11,762,026 | 0.9% | 10,212,391 | 0.9% |
| Sponsored research | 18,226,905 | 106,615,798 | 124,842,703 | 9.9% | 121,766,796 | 10.6% |
| Extension and public service | 5,405,170 | 1,248,501 | 6,653,671 | 0.5% | 6,114,539 | 0.5% |
| Organized activities | 22,095,940 | 12,323,331 | 34,419,271 | 2.7% | 30,157,051 | 2.6% |
| Hospital | 606,663,870 | | 606,663,870 | 48.2% | 551,753,387 | 48.2% |
| Libraries | 11,144,873 | | 11,144,873 | 0.9% | 8,867,451 | 0.8% |
| Student service | 28,692,384 | 119,216 | 28,811,600 | 2.3% | 25,906,765 | 2.3% |
| General administration | 24,152,659 | 50,000 | 24,202,659 | 1.9% | 21,789,514 | 1.9% |
| General institutional services | 16,444,929 | | 16,444,929 | 1.4% | 17,073,864 | 1.5% |
| Operation and maintenance of plant | 53,200,906 | 1,319,712 | 54,520,618 | 4.3% | 59,473,897 | 5.2% |
| Student aid | 2,937,078 | 16,475,332 | 19,412,410 | 1.5% | 21,356,822 | 1.9% |
| Auxiliary enterprises | 53,117,011 | | 53,117,011 | 4.2% | 47,463,150 | 4.1% |
| Indirect costs recovered | 37,845,653 | | 37,845,653 | 3.0% | 33,853,000 | 3.0% |
| Total Expenditures | 1,104,740,638 | 155,886,040 | 1,260,626,678 | 100.0% | 1,144,810,410 | 100.0% |
| OTHER TRANSFERS AND ADDITIONS/DEDUCTIONS | | | | | | |
| Transfers among funds | (8,963) | 927,687 | 918,724 | | (\$5,000) | |
| Total transfers among funds | (\$8,963) | 927,687 | 918,724 | | (\$5,000) | |
| NET INCREASE (DECREASE) IN FUND BALANCES | \$4,503,941 | \$2,936,183 | \$7,440,124 | | \$1,007,257 | |

ANNUAL FINANCIAL REPORT

STATEMENT OF CASH FLOWS

| | FOR THE YEAR ENDING | |
|---|----------------------|----------------------|
| | JUNE 30, 2005 | JUNE 30, 2004 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net increase (decrease) in fund balance | \$39,465,865 | \$47,007,096 |
| Adjustments to reconcile increase in fund balance to net cash provided by (used in) operating activities | | |
| Depreciation And Amortization | 27,690,479 | 25,719,393 |
| Change in allowance for doubtful accounts | 24,792,272 | 184,325,479 |
| Net realized gains on sale of investments | (1,734,656) | (679,218) |
| Net realized appreciation in investments | (3,681,041) | (3,323,314) |
| Donation of plant assets | (154,414) | (1,698,670) |
| Disposal of plant and fixed assets | 94,048 | 0 |
| Permanently restricted contributions | (3,267,283) | (1,896,159) |
| Changes in operating assets and liabilities | | |
| Student, Hospital and LISVH receivables | (26,035,173) | (178,319,518) |
| Loans Receivable | 347,676 | (327,410) |
| State appropriation receivable | (5,419,586) | 18,346,904 |
| Other receivables and other assets | (816,693) | 7,270,315 |
| Inventory | (817,240) | (7,580,707) |
| Accounts Payable and Accrued expenses | 1,635,847 | (18,759,464) |
| Reserve for inventory | 788,179 | 7,550,939 |
| Reserve for hospital | | 39,925,833 |
| Unremitted collections | (2,386,695) | 4,531,398 |
| Deferred Revenue | 2,827,911 | 3,319,428 |
| Funds held in trust for others | (4,480,225) | 12,815,476 |
| Net cash provided by operating activities | 48,849,271 | 138,227,801 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Plant Asset Purchases | (56,930,448) | (70,218,764) |
| Investment Purchases | (80,362,540) | (150,167,441) |
| Proceeds from Sale of Investments | 83,009,611 | 132,057,311 |
| Net cash (used) by investing activities | (54,283,377) | (88,328,894) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from permanently restricted contributions | 3,267,283 | 1,896,159 |
| Net cash provided/(used) by financing activities | 3,267,283 | 1,896,159 |
| Net Increase/(decrease) in cash and cash equivalents | (2,166,823) | 51,795,066 |
| Cash and cash equivalents-beginning of year | 107,394,256 | 55,599,190 |
| CASH AND CASH EQUIVALENTS-END OF YEAR | \$105,227,433 | \$107,394,256 |

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the institution, the accounts of the State University of New York at Stony Brook are maintained in accordance with the principles of “fund accounting.” This is the procedure by which resources for various purposes are classified for accounting and reporting into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and classified by fund group. The fund groups used by the State University of New York at Stony Brook are:

- Current Fund
- General Fund
- Income Fund Reimbursable Fund
- Research Foundation Fund
- Stony Brook Foundation Fund
- Faculty Student Association Fund
- Loan Fund
- Endowment Fund
- Plant Fund

The following is a description of the functions of these fund groups:

Current Fund

The current funds group includes those economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution (i.e., instruction, research, academic related services, student affairs, institutional support services, maintenance and operations, auxiliary enterprises, and hospital) and which have not been designated by the governing bodies for other purposes.

The current funds group is divided into unrestricted and restricted current funds. Restricted current funds consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. Restricted current funds are reported as revenues and expenditures only when expended for current operating purposes; therefore, unexpended grant and contract balances are not reflected.

Included as part of the unrestricted current funds are all General fund activity (State purpose, Hospital, and LISVH), the unrestricted activities of the Income Fund Reimbursable Fund, Faculty Student Association, and the Stony Brook Foundation. Included within the restricted current funds are the Research Foundation funds and the restricted activities of the Income Fund Reimbursable Fund, Faculty Student Association, and the Stony Brook Foundation. Also, in accordance with guidelines established by the National Association of Colleges and University Business Officers, Pell Grants, Supplemental Educational Opportunity Grants and Federal Work Study are reported as current restricted funds. The revenues are included as federal grants, and the expenditures are classified as student aid.

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NOTES TO FINANCIAL STATEMENTS

Grants made by the New York State Tuition Assistance Program (TAP) are not reported in the Restricted Current Fund Statement because of the substantial amount of TAP dollars that flow back into tuition revenues. There was \$17,188,315 of TAP dollars distributed to Stony Brook in fiscal year 2004/05, and \$17,449,437 for fiscal year 2003/04.

General Fund

The General Funds group includes state appropriations approved by the legislature in the state operations budget, tuition, and related fees, Hospital, and Long Island State Veterans Home operating funds.

Income Fund Reimbursable (IFR)

The Income Fund Reimbursable Fund is a group of accounts whose activities support the campus' mission and operations. These accounts have clear and defined income/expenditure relationships. A unique aspect of these accounts is their ability to carry forward cash balances from one fiscal year to another.

Research Foundation Fund

The Research Foundation is a separate not-for-profit educational corporation and non- governmental legal entity, which operates as the fiscal administrator for the majority of the University's sponsored programs reported in the restricted current funds. Based on the unique relationship with the Research Foundation, a Balance Sheet and Statement of Changes in Fund Balance is not reported since the University does not have a legal claim to the Research Foundation's net assets. Instead, the Statement of Revenues and Expenditures has been reported for the programs including research, training, and public service activities of the state-operated campuses, which are supported by sponsored funds other than State of New York appropriations.

Plant Fund

The plant funds group consists of funds relating to investment in the University's physical properties, and unexpended monies to be used for the acquisition or construction of physical properties for the University.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. The governing bodies include the New York State Legislature, the New York State Division of the Budget, the Dormitory Authority, the SUNY Construction Fund, the State University of New York Board of Trustees and the State University of New York at Stony Brook Council.

Stony Brook Foundation

The Stony Brook Foundation, Inc. (the "Foundation") is a non-profit, "no member" corporation chartered by the Education Department of the State of New York. The purposes of the Foundation are to develop, administer and manage all transactions associated with the campus' fund raising activities which include gifts, grants, donations, scholarships and fellowships.

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NOTES TO FINANCIAL STATEMENTS

Faculty Student Association

The Faculty Student Association is a not-for-profit corporation, which has a contractual relationship with SUNY to provide various auxiliary services to the campus. Examples of these include food service contracts, administration of the campus bookstore, management of self-operating campus vending and laundry machines, etc.

Loan Fund

The loan funds group consists of monies for student loans provided by Perkins Loan, Nursing Loan, and Health Professions Medical and Dental Loan Programs. These monies were administered by the University and made available to qualified students.

2. BASIS OF ACCOUNTING

Accrual Basis

The State University of New York's budgetary period consists of a fifteen-month cycle commencing July 1, 2004 and ending September 30, 2005. A modified accrual basis of accounting was employed in the preparation of the financial statements. Funds committed at June 30, 2005 and expended by August 31, 2005 were recorded as accrued liabilities for the General Fund and Income Fund Reimbursable Fund. This represented a change in prior years' accounting method where funds were accrued based on commitments through the budgetary term ending September 30. This change in accounting method became effective in the fiscal year 1999/2000 and, for comparative purposes, a restatement was applied to the 98/99 financial statements.

The Faculty Student Association and Stony Brook Foundation audited statements were prepared using the full accrual method of accounting. The Research Foundation Fund and Plant Funds statements do not reflect accrued expenditures.

Accounts Receivable

The Student Receivable and Patient Receivable balances are stated net of the allowance for doubtful accounts. For the fiscal years 2004/05 and 2003/04, the allowances reserved for Student Receivables are \$3,676,046 and \$3,927,812, respectively. The allowances reserved for Patient Receivable doubtful account balances are \$315,291,278 and \$290,089,217, respectively for fiscal years 2004/05 and 2003/04.

Delinquent accounts are reported to the State Attorney General's Office for collection. The amount reported to the Attorney General included in Student Receivables is \$3,837,919 at fiscal year 2004/05 and \$3,411,754 for fiscal year 2003/04. The Patient Receivables reported to the Attorney General represent \$145,223,369 at fiscal year 2004/05, and \$149,477,857 for fiscal year 2003/04.

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Fringe Benefits

Fringe benefits are not appropriated nor directly charged to the institution on State-funded positions, however, for report purposes, fringe benefits were imputed on salaries and wages based on the mandated New York State fringe benefit rate. The imputed fringe benefit rates for the 2004/05 and 2003/04 fiscal years were 41.99% and 36.24%, respectively.

Revenues

All State revenues from SUNY-established tuition and fees, hospital patient services and dormitory rentals are transferred to the State University, Hospital and Dormitory Income Funds to be applied first to the retirement of bond indebtedness and then to support operating budgets on a SUNY-wide basis. This revenue is reported as Unrestricted Current Funds. For reporting purposes, the entire amount of such revenues was netted against state appropriations provided to support related operations. Approved fees for support of specific programs and activities within the Income Fund Reimbursable Fund are transferred to the State University Income Fund as custodian.

3. INVENTORIES

Inventories are valued at the lower of cost or market as follows:

At Weighted Average

| | |
|-------------------------------|--------------|
| Central Storeroom-Hospital | \$ 2,377,000 |
| Central Storeroom-Main Campus | 1,537,422 |

At Last-In, First Out:

| | |
|-----------------------------|---------|
| Faculty Student Association | 288,346 |
|-----------------------------|---------|

Total Inventories **\$ 4,202,768**

No inventories other than those noted above are reflected.

4. PLANT FUND

Customarily, this fund would include a sub-fund, Retirement of Indebtedness. The debt retirement for the Stony Brook campus is included in the State University of New York financial structure. Consequently, bonding interest costs, etc. associated with the funding of the investment in plant, are not shown.

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Investment in Plant

This sub-fund reflects capital acquisitions from all major sources of funds. The following schedule outlines the extent of inclusion, as completed data were not available.

| | |
|--------------------------------|----------------------|
| SUNY Capital Construction Fund | 1957/1958 to present |
| SUNY Dormitory Authority | 1957/1958 to present |
| State Purpose Appropriations | 1974/1975 to present |
| IFR Fund | 1974/1975 to present |
| Research Fund | 1963/1964 to present |
| Stony Brook Foundation | 1979/1980 to present |
| Faculty Student Association | 1979/1980 to present |

The State University of New York adopted GASB pronouncement No.'s 34, 35, 37, and 38. The adoption of the GASB pronouncements impacted the presentation, capitalization policy, asset lives and net carrying value of assets of the fund. The University at Stony Brook has subsequently restated the Plant Fund to include the Construction in Progress value. The cumulative effect of such was to increase the Plant Fund asset carrying values by \$120,827,868 and \$111,737,369 retroactive to fiscal years June 30, 2004 and 2003, respectively.

The University has established the straight-line method for depreciating all fixed assets. The fixed assets are depreciated based on the useful lives as established by State University of New York Fixed Asset Accounting System. In general, the building and components are depreciated between 25-50 years, equipment, furniture and fixtures vary lives range from 5 through 15 years, and library acquisitions are depreciated over 10 year life. Land improvements that extend the useful life of the assets are depreciated based on the useful life of the asset.

5. FISCAL YEARS

The financial statements for all entities represent a twelve-month period ending June 30, 2005. The Loan Fund activity reported on the appropriate Balance Sheet and Statement of Changes in Fund Balance is compiled from the data recorded on the Fiscal Operations Report filed annually with the Department of Education for a fiscal period ending June 30, 2005. The Stony Brook Foundation and the Faculty Student Association's financial data were based on their certified audits by Holtz Rubenstein Reminick, LLP for the fiscal year ending June 30, 2005.

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

6. NOTE RECEIVABLE

On July 1, 2001, the FSA loaned \$2,000,000 (the "Note") to UHSB for food service renovations and projects to be completed at UHSB. The proceeds from the Note were transferred at the request of UHSB into an FSA bank account. Disbursements from this account must be approved by UHSB. The Note is to be repaid by UHSB to the FSA over a five-year period in equal principal installments of \$400,000 per annum plus interest. At June 30, 2005 and 2004, the FSA held no remaining proceeds from the Note.

The interest rate on the Note shall be determined on an annual basis based on the remaining principal balance and current prevailing interest rates, as defined by the agreement. For the years ended June 30, 2005 and 2004, such rates were approximately 2.25% and 2.0%, respectively. At June 30, 2005 and 2004, the Association has accrued interest of \$18,000 and \$24,000, respectively, which is included in prepaid expenses and other assets in the accompanying combined statements of financial position. In addition, at June 30, 2005 and 2004, the FSA held \$418,000 and \$424,000, respectively, to pay the annual installment payment plus accrued interest on the Note. Such amounts are included in funds held for others in the accompanying combined statements of financial position. On July 1, 2005, the fourth installment, including interest, was paid.

