

STONY BROOK UNIVERSITY

ANNUAL FINANCIAL REPORT

2015–2016



Stony Brook
University



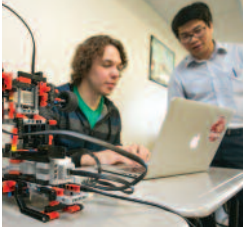


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ON THE COVER. Students relax along the grassy steps outside the Staller Center for the Arts on Stony Brook's campus, where inspirational elements of our new FAR BEYOND brand identity are emblazoned across several building facades.

ON THE INSIDE COVER. Clockwise: Seawolves fans rush the court at Island Federal Credit Union Arena moments after the Stony Brook men's basketball team mounted a 15-point comeback against Vermont to win the 2016 America East Championship, earning their first-ever trip to the NCAA Division I Men's Basketball Tournament; Carl Safina, holder of the Carl Safina Endowed Research Chair for Nature and Humanity in the School of Marine and Atmospheric Sciences, was nominated for the prestigious Indianapolis Prize for the second time; a student strolls past the Student Activities Center, a focal point of the Stony Brook campus; the Institute for Advanced Computational Science opened in October, with the mission to make sustained advances in the science of computation and its applications to complex problems; President Samuel L. Stanley Jr. reinforced Stony Brook's commitment to UN Women's HeForShe movement for gender equality as an IMPACT 10x10x10 University Champion by hosting the first SUNY-wide HeForShe conference in March.



Stony Brook has been cited as one of the top 50 colleges to offer the best value for African American students by *Money* & *Essence* magazines.



Since 2011, more than 1,850 full-time faculty have been bolstered by nearly 300 net new full-time faculty.



In April 2016, six Class of 2016 students helped distribute more than 10,000 bottles of water, baby wipes and hand sanitizers to residents of Flint, Michigan.



Far Beyond Excellence

STONY BROOK IS FORGING AHEAD WITH GREAT MOMENTUM AS ONE OF THE NATION'S PRE-EMINENT PUBLIC RESEARCH UNIVERSITIES. Our dynamic students, faculty and alumni are changing the world through innovation and discovery, helping Stony Brook to maintain its rankings as one of the top 100 national universities and top 50 public universities by *U.S. News & World Report*.

Our affordability compared with other similarly ranked universities has also earned Stony Brook a place as one of *Kiplinger's* top 35 best values in public universities, and *Forbes'* top 100 best value schools.

NEW BRAND IDENTITY UNVEILED

To better share our story with the world in an effort to advance key University goals and initiatives, we launched Stony Brook's new brand identity — FAR BEYOND — on April 20, 2016, through on-campus banners, advertising and a redesigned, fully responsive stonybrook.edu homepage.

FAR BEYOND provides a sustainable platform to showcase our groundbreaking work; attract the best and brightest students, faculty and staff; connect with alumni in a more meaningful way; increase philanthropic support; and extend the University's impact and visibility around the world.

THE CAMPAIGN FOR STONY BROOK

Elements of our new FAR BEYOND brand identity were introduced on November 21, 2015, with the public launch of our seven-year, \$600 million Campaign for Stony Brook — the largest fundraising effort in SUNY history. Reaching our goal for the Campaign for Stony Brook will not only solidify our status as a renowned research institution, but also effect powerful change in our community and across the world.

The Campaign for Stony Brook reflects the breadth of our mission and the depth of our commitment to making a difference by focusing on seven core priorities: scholarships, research and innovation, endowed faculty, medicine, economic development, athletics and campus life, and the Stony Brook Annual Fund.

FOCUS ON EQUITY, INCLUSION AND DIVERSITY

Since Stony Brook President Samuel L. Stanley Jr. was named an IMPACT 10x10x10 University Champion for UN Women's HeForShe movement in June 2015, Stony Brook has emphasized working to achieve and inspire gender equality on our campus and beyond.

Some of our progress includes building gender sensitization programming and gender equality themes into our mandatory freshman seminar class; forming a HeForShe Steering Committee of students, faculty and staff to oversee the implementation of our commitments; and hosting the first SUNY-wide HeForShe conference in March 2016 to work with all 64 SUNY campuses in developing programs to increase gender equality, giving us the potential to impact the experiences of more than 459,000 students and almost 90,000 faculty and staff.

On a broader scale, we're working to enhance our diversity and build a more inclusive community for all, regardless of race, ethnicity, age, gender, religion, ability, veteran status, socioeconomic level and sexual orientation. To achieve this, on May 19, 2016, we finalized *Stony Brook's Plan for Equity, Inclusion and Diversity*, which identifies specific goals and tactics influenced by many discussions and written exchanges with students, faculty and staff.

FACULTY DISTINCTIONS

Three Stony Brook professors were elected as Fellows of the American Association for Advancement of Science (AAAS): Michael Frohman, chair of the Department of Pharmacological Sciences; Ellen Pikitch, professor in the School of Marine and Atmospheric Sciences and executive director of the Institute for Ocean Conservation Science; and Michael Bell, professor in the Department of Ecology and Evolution. AAAS, the world's largest general scientific society, seeks to "advance science, engineering and innovation throughout the world for the benefit of all people."

Two professors were chosen as Fellows of the American Academy of Microbiology (AAM): James Konopka, professor in the Department of Molecular Genetics and Microbiology; and Aaron Neiman, associate professor in the Department of Biochemistry and Cell Biology. The AAM is a leadership group of the American Society for Microbiology, the oldest and largest single life science membership organization in the world.

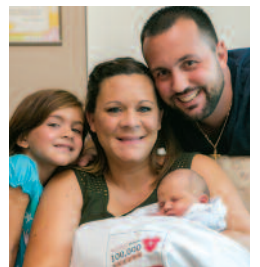
Other notable faculty honors of 2015–2016 included the nomination of Carl Safina, holder of the Carl Safina Endowed Research Chair for Nature and Humanity in the School of Marine and Atmospheric Sciences; and Russell Mittermeier, professor in the Department of Anatomical Sciences, for the Indianapolis Prize, the most prestigious award in the field of animal conservation. It was the second nomination for both.

STUDENT HONORS

Three Stony Brook undergraduates were honored with prestigious 2016 Goldwater Scholarships and will receive grants to pursue research careers in the natural sciences, mathematics and engineering. Michael D'Agati '18, Lea Kenigsberg '17 and Ioana Soaita '17 were nominated by the University and selected from a field of 1,150 applicants, representing 415 colleges and universities nationwide. This is the fourth time Stony Brook has earned three Goldwater Scholarships in one year since 1997.

Ruchi Shah '16 was named one of *Glamour* magazine's Top 10 College Women of 2016. Shah, the inventor of an all-natural mosquito repellent designed to combat disease in developing nations, is also a CEO of her own social entrepreneurship company, a nationally recognized cancer researcher and a journalist published on a national news network. Her goal is to "inspire others to follow their ideas until they become realities."

Stony Brook student Sumaira Mian '16 and alumnus Ross Medico '13 earned renowned Fulbright grants in 2016, both accepting English Teaching Assistantship opportunities that will send them abroad to serve as teaching assistants and cultural ambassadors. Since 1973, Stony Brook students have earned a total of 71 Fulbright grants.



Operational Excellence initiatives will enable departments to target savings in their areas in accordance with their own strategies. Project 50 Forward savings in 2015–2016 totaled \$12.8M.



Broadcast journalist Soledad O'Brien and former U.S. Attorney General Eric Holder Jr. received honorary degrees at the University's 56th Commencement in May 2016.



On August 17, 2015, Stony Brook University Hospital marked the delivery of its 100,000th baby.





Actor, author and visiting professor Alan Alda received the National Academy of Sciences' Public Welfare Medal, which honors extraordinary use of science for the public good.



Seawolves basketball star Jameel Warney '16 became the third player in America East history to win Player of the Year honors three times.



Jeff Boals, former assistant coach at Ohio State, was named Seawolves head men's basketball coach in April 2016.



RESEARCH NEWS

A team of Stony Brook researchers led by Yusuf Hannun, MD, the Joel Strum Kenny Professor in Cancer Research and Director of the Stony Brook University Cancer Center, has found quantitative evidence proving that extrinsic risk factors, such as environmental exposures and behaviors, weigh heavily on the development of a vast majority of cancers. The finding, reported in the December 16, 2015, online issue of *Nature*, may be important for strategizing cancer prevention, research and public health.

More on the medical front — a multidisciplinary team led by Annie Rohan, director of pediatric research in the School of Nursing, is developing a catheter that uses LED lights to destroy infection-causing bacteria while inside the body. According to the Centers for Disease Control and Prevention, patients in the United States suffer from more than 1.5 million healthcare-associated infections annually, many of which are related to the use of catheters. The team unites experts in nursing, engineering and microbiology in an effort to combat such infections.

FACILITY UPDATES

Stony Brook's new Institute for Advanced Computational Science (IACS) held its grand opening on October 1, 2015, thanks to a transformational \$10 million anonymous donation plus matching funds from the Simons Foundation. The 6,000-square-foot facility will help the IACS achieve its mission to make sustained advances in the science of computation through interdisciplinary collaboration across fields including chemistry, condensed matter, astrophysics, nanoscience, sociology, applied mathematics and computer science.

Looking ahead, funding is in place to develop our Innovation and Discovery Center, a \$60 million, 200,000-square-foot facility intended to attract and promote the growth of startup businesses in the areas of biotechnology, information technology, electronics, and advanced materials and processing. This new facility will complement Stony Brook's existing incubator facilities, providing more opportunities for the next generation of entrepreneurs on Long Island. Construction is anticipated to begin in April 2017 in the Research and Discovery Park.

MEN'S BASKETBALL REACHES NEW HEIGHTS

The Seawolves earned their first trip in team history to the NCAA Division I Men's Basketball Championship with an 80–74 victory over the Vermont Catamounts in the America East Championship game on March 12, 2016. In front of a sold-out home crowd at Island Federal Credit Union Arena, senior Jameel Warney led the Seawolves to victory as MVP and matched an America East Tournament record by scoring 43 points. The Seawolves were defeated by the Kentucky Wildcats in the first round of the NCAA Tournament, finishing the season with an impressive 26–7 record. Warney concluded his college career as Stony Brook's all-time leader in points, rebounds, blocks and games played.

LETTER TO THE PRESIDENT

April 3, 2017

President Samuel L. Stanley Jr., M.D.
State University of New York at Stony Brook
Administration Building, Room 310
Stony Brook, NY 11794-1701

Dear Dr. Stanley:

The accompanying financial statements prepared from the accounting records of Stony Brook University (hereafter referred to as the University) set forth the financial condition of the University at June 30, 2016, including the results of its operations for the fiscal year. Notes to the financial statements should be considered an integral part of the statements and the report as a whole. Prior-year data is provided to allow comparisons with the previous reporting period.

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

The financial information included in this report incorporates the major operations of the University, including the Research Foundation of the State University of New York. The financial statements of the Stony Brook University Component Units, which include the Stony Brook Foundation and Faculty Student Association, are presented on pages 18 and 19. The financial operations of the Clinical Practice Management Plan are not included in this report. The annual report has been prepared in accordance with accounting principles recommended by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers to the degree practical.

Sincerely,



Robert Megna
Senior Vice President for Finance and Administration

FINANCIAL HIGHLIGHTS

Stony Brook University at a Glance

Stony Brook University, one of 64 campuses that constitute the State University of New York, was established in 1957 as a college for the preparation of secondary school teachers of mathematics and science. From its beginnings a half-century ago, Stony Brook University has been characterized by innovation, energy and progress, transforming the lives of people who earn degrees, work and make groundbreaking discoveries here. A dramatic trajectory of growth has turned what was once a small teacher preparation college into an internationally recognized research institution that is changing the world.

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

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

Fiscal 2016 Revenues **\$2.28 Billion**

Fiscal 2016 Expenditures **\$2.42 Billion**

Research Awards **\$261.99 Million**

Foundation Revenue **\$69.12 Million**

Total Revenue (in millions)

Tuition and Fees	\$244.6
State Appropriations	470.7
Federal Grants	141.2
State, Local and Private Grants, and Other	93.5
Auxiliary Services	89.8
Hospital	1,170.2
Nonoperating	69.7

Research Awards (in millions)

Federal	\$128.5
Philanthropic (Private)	20.8
State and Local	7.8
Other	104.9

Foundation (in millions)

Gifts and Gifts-in-Kind	\$49.3
Other	19.9
Net Assets-Endowment	219.7
Total Net Assets	405.8
Endowment Rate of Return	2.9%

Economic Impact

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

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

Employment

Total Employees (full and part time)	15,896
Academic	3,834
Non-Academic	5,055
Hospital	7,007
Average Monthly Payroll	\$91.0 million

Student Enrollment (Fall 2016)

Total Student Enrollment	25,734
Undergraduate	
Total Undergraduate Students	17,026
West Campus	15,893
HSC Campus	1,133
High School GPA Percent	94
Average SAT Score	1,260
Graduate and Advanced Degrees	
Total Graduate Students	8,708
West Campus	5,905
HSC Campus	2,803

Tuition and Fees (Fall 2016-Spring 2017)

Undergraduate and Graduate	
Undergraduate NYS	\$11,609
Undergraduate Nonresident	28,849
Graduate NYS	15,175
Graduate Nonresident	26,515
Graduate MBA NYS	18,715
Graduate MBA Nonresident	28,695

HSC Professional

Medical NYS	\$46,061
Medical Nonresident	71,061
Dental NYS	50,276
Dental Nonresident	78,786
Physical Therapy NYS	28,695
Physical Therapy Nonresident	45,235

FINANCIAL HIGHLIGHTS

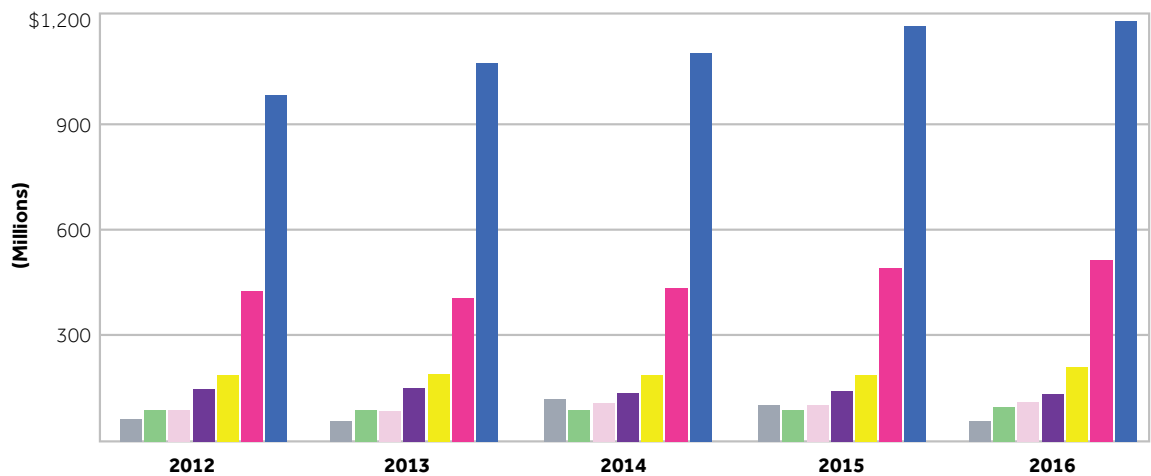
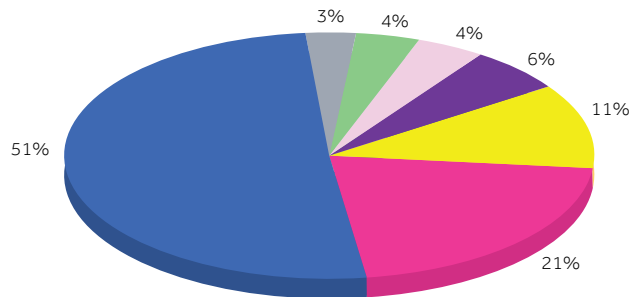
Revenue Results

Total revenues were \$2,279,775,927 and \$2,241,079,986 for the 2016 and 2015 fiscal years, respectively. The \$39 million revenue increase in 2016 resulted from the following:

- ★ Hospital revenues exceeded 2015 by \$20 million due to increases in patient revenue and Medicaid Disproportionate Share program revenue net of receivable reserves.
- ★ State appropriations increased by \$16 million to support fringe benefits on personal services.
- ★ Tuition and fee revenues increased by \$28 million from rate increments effected by SUNY 2020 legislation.
- ★ Auxiliary revenues increased \$3 million attributable to campus housing rates.
- ★ Nonoperating revenues decreased by \$28 million attributable to a reduction in capital gifts and grants.

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

2016 Revenues



	2012	2013	2014	2015	2016
Nonoperating	\$70,745,613	\$70,098,858	\$117,672,685	\$99,868,549	\$69,711,773
Auxiliary enterprises	81,417,153	82,082,151	84,444,720	86,373,407	89,762,156
State, local, and private grants and contracts, and other	83,828,303	80,474,837	99,132,463	90,345,218	93,493,474
Federal grants and contracts	148,917,156	150,135,313	138,461,932	142,184,555	141,234,475
Tuition and fees	159,544,536	168,672,430	186,194,593	216,565,759	244,593,192
State appropriations	404,169,900	359,031,670	408,953,548	455,214,819	470,745,983
Hospital and clinics	967,172,803	1,006,334,481	1,079,290,695	1,150,527,679	1,170,234,874

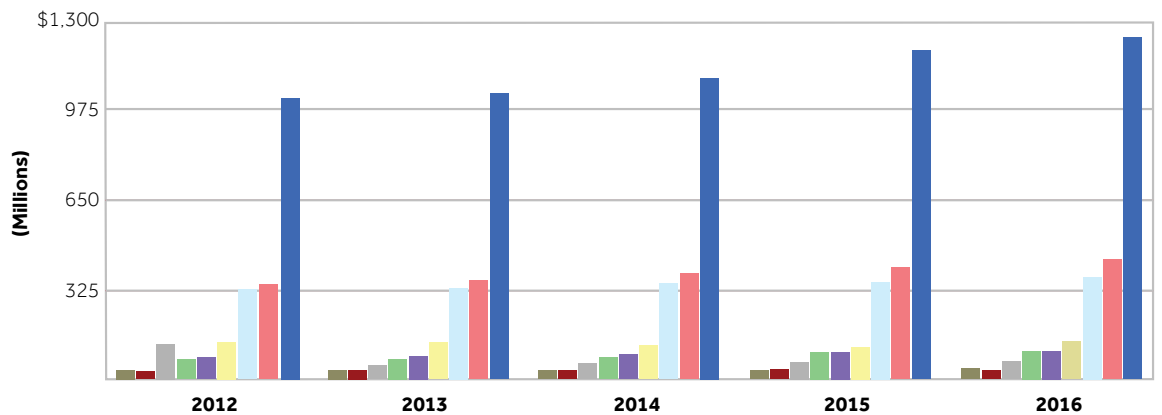
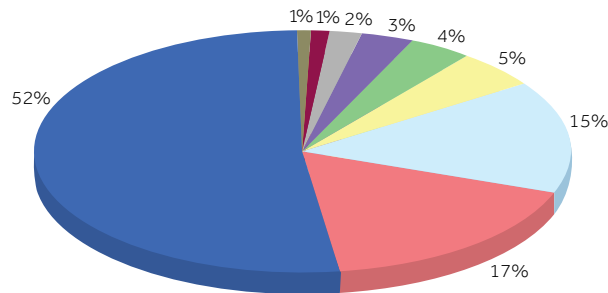
Expenditure Results

Expenditure totals were \$2,419,279,602 and \$2,323,244,465 for 2016 and 2015, respectively. The \$96 million expenditure increase was attributable to the following:

- ★ Hospital expenditures increased by \$64 million across the board in personal service costs, fringe and other than personal service costs.
- ★ Instruction expenditures increased \$10 million in fringe benefits and other than personal service costs.
- ★ Support expenditures increased by \$11 million in personal service and fringe benefit costs.
- ★ Research expenditures increased by \$5 million in other than personal service costs.
- ★ Public service expenditures increased by \$4 million in personal service and fringe benefit costs.
- ★ Auxiliary service expenditures increased by \$2 million for rehabilitation costs.

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

2016 Expenditures



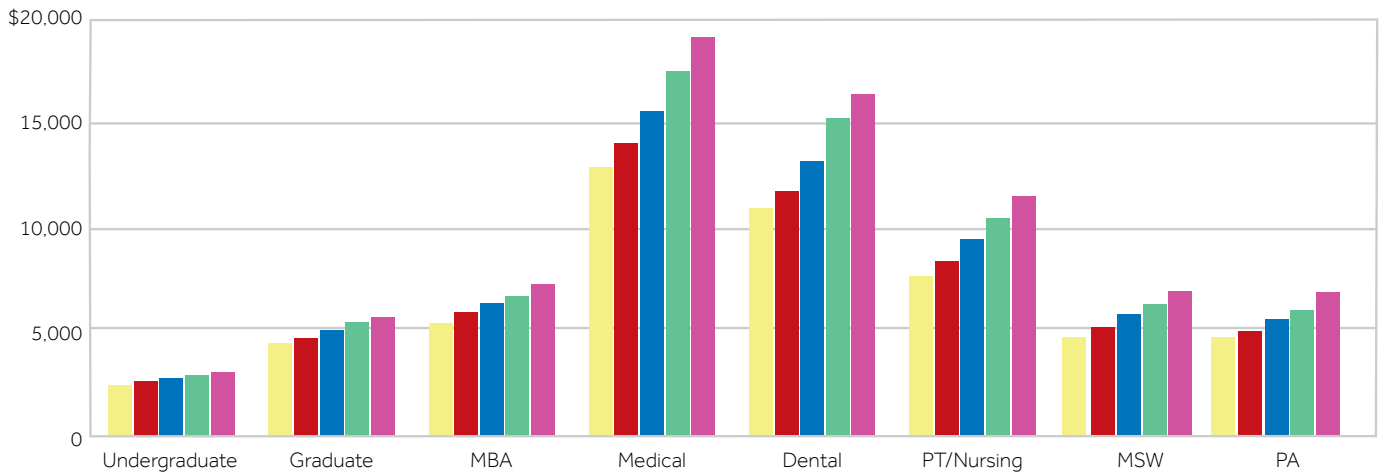
	2012	2013	2014	2015	2016
Public service	\$22,953,875	\$22,236,037	\$22,351,901	\$23,778,663	\$27,185,116
Scholarships and fellowships	21,399,523	22,055,164	22,916,433	26,674,996	25,727,426
Nonoperating	109,905,493	40,291,726	48,827,590	59,498,009	59,604,375
Auxiliary enterprises	69,293,484	78,848,918	71,942,605	83,983,218	85,581,054
Depreciation expense	81,500,390	81,552,837	85,146,757	83,827,479	86,006,061
Research	113,143,283	115,777,574	108,991,363	107,710,221	112,967,711
Support services	316,139,706	322,789,135	331,639,545	346,500,581	357,409,606
Instruction	335,500,756	346,549,797	373,244,968	400,769,909	410,333,037
Hospital and clinics	999,678,636	1,019,345,762	1,096,583,967	1,190,501,389	1,254,465,216

FINANCIAL HIGHLIGHTS

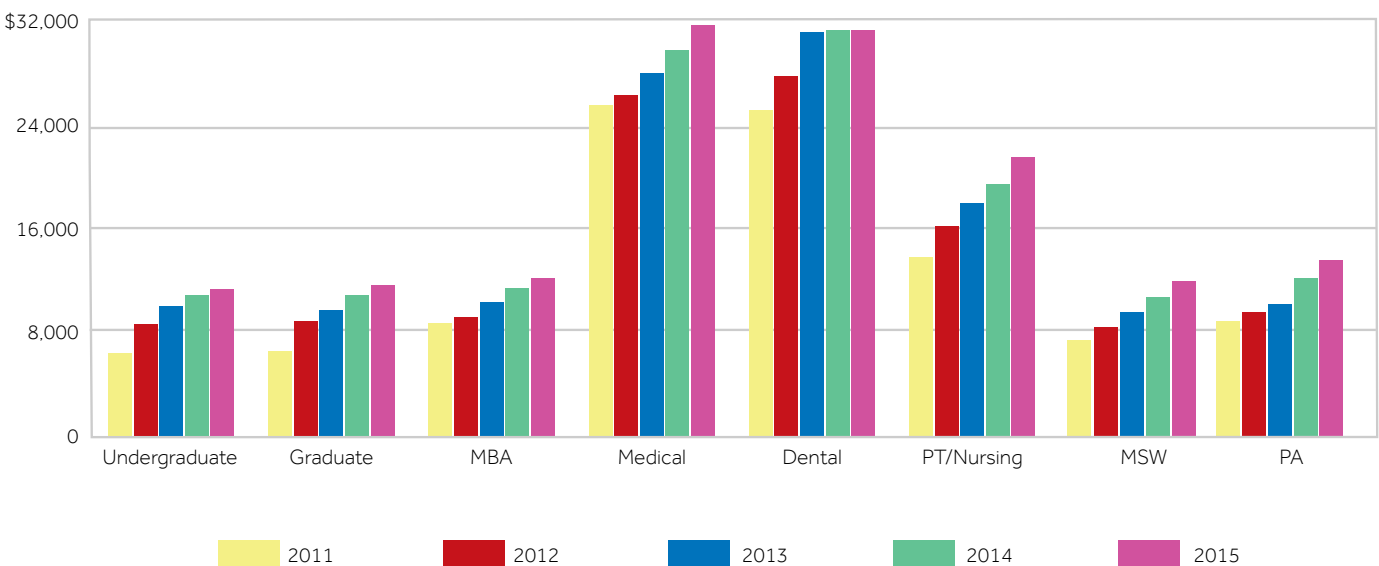
Tuition Revenue Graphs

These graphs trend tuition rates based on residency status for Fall 2011 through Fall 2015. Due to reductions in state funded support, tuition rates have increased in both resident and non-resident groups as authorized by the SUNY Board of Trustees. With the adoption of SUNY 20/20, total rates for 2011 through 2015 have increased an average of 9 percent and 8 percent per year for resident and non-resident students, respectively.

Fall Resident Tuition Rates



Fall Non-Resident Tuition Rates

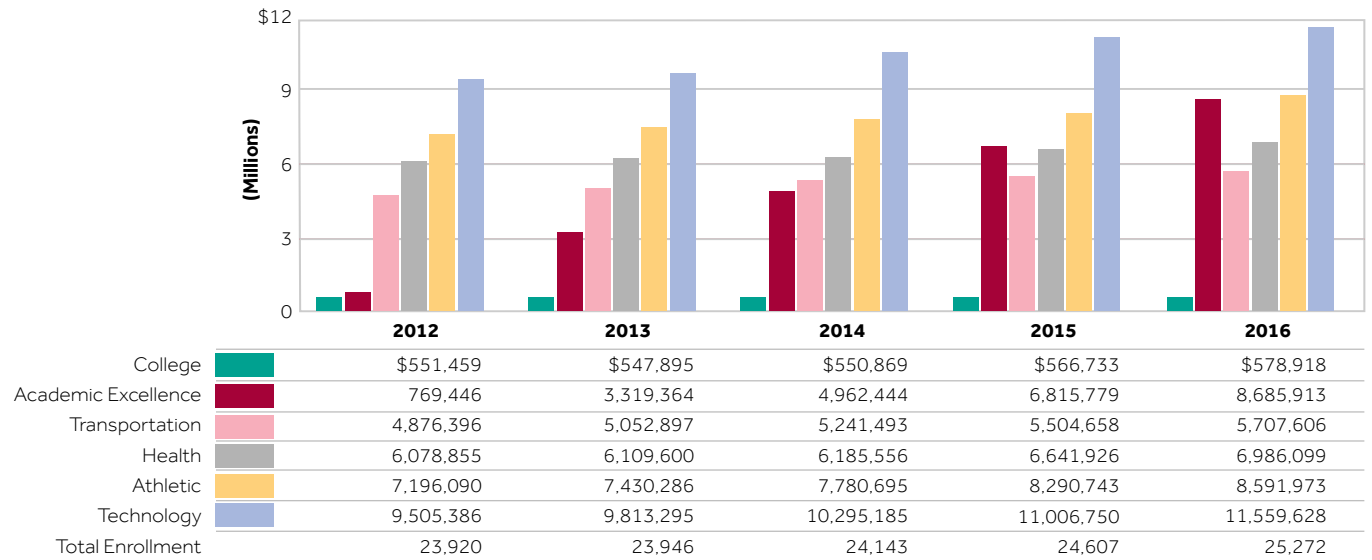


Comprehensive Fee Revenue

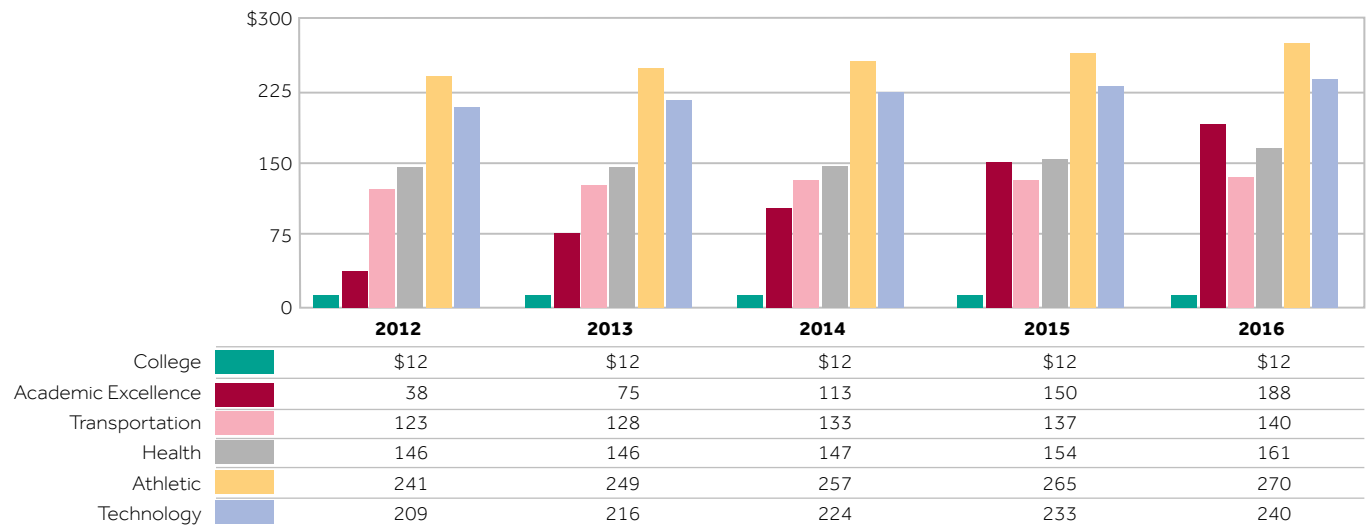
The comprehensive fee is a mandatory fee that is billed to all students, unless they meet waiver requirements. The fee consists of these fee components: academic excellence, college, transportation, health services, athletic, and technology fee. With the exception of the athletic fee which is billed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

These graphs illustrate the growth in revenues attributed to the comprehensive fee components. Total rates for 2012 through 2016 have increased an average of 3 percent per year, excluding the academic excellence and success fee which became effective in Spring 2012 with the passage of SUNY 20/20. It was established to provide financial resources for building and maintaining quality academic and student success programs. The initial fee in 2012 of \$37.50 has increased to \$188 in 2016. There has been a 6 percent growth in enrollment from 2012 to 2016.

Comprehensive Fee Revenue



Comprehensive Fee Rates (single semester based)



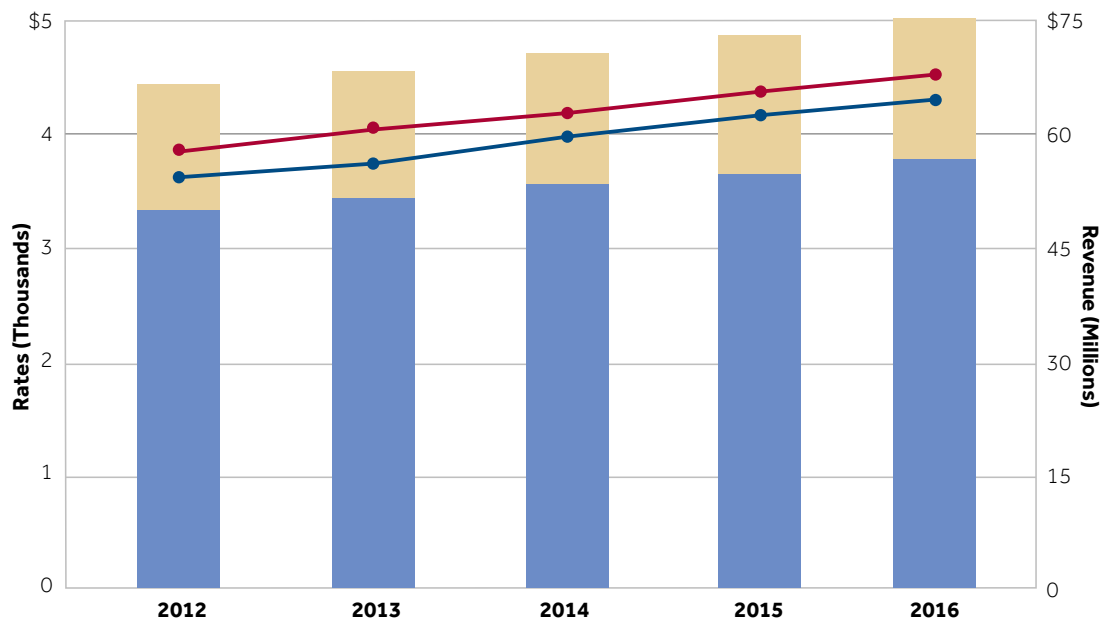
FINANCIAL HIGHLIGHTS

Apartment and Residence Hall Revenue

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

Below is a graph of apartment and residence hall revenue and rates for the fiscal years 2012 through 2016. From 2012 through 2016, apartment and resident hall rates have increased on average by 4 percent.

Apartment and Residence Hall Rates and Revenue



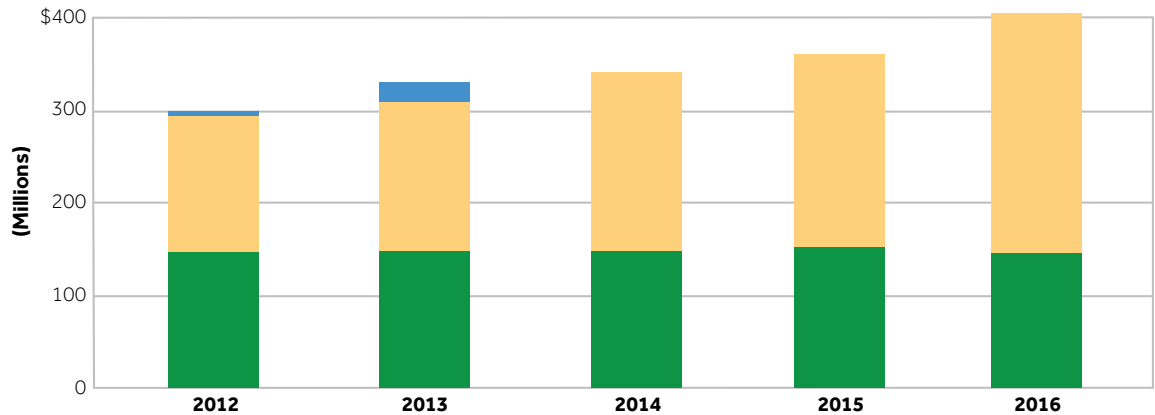
Apartment Revenue	\$18,467,763	\$18,530,024	\$19,443,159	\$19,522,571	\$19,330,324
Residence Hall Revenue	47,747,737	49,573,218	52,658,033	53,853,539	55,713,065
Average Apartment Rate	3,843	4,035	4,188	4,349	4,482
Average Room Rate	3,633	3,751	3,995	4,150	4,275

State Appropriations and University-wide Appropriations

The University receives State appropriations to support its core operating budget in the form of State tax support and from tuition and revenue targets. In 2012 and 2013 the University also received SUTRA supplemental which represented a portion of campus revenue in excess of revenue targets. The following graph illustrates the State appropriation distributions for the period from 2012 through 2016. From 2012 through 2016 campus revenues appropriations increased by \$108 million, or 74 percent.

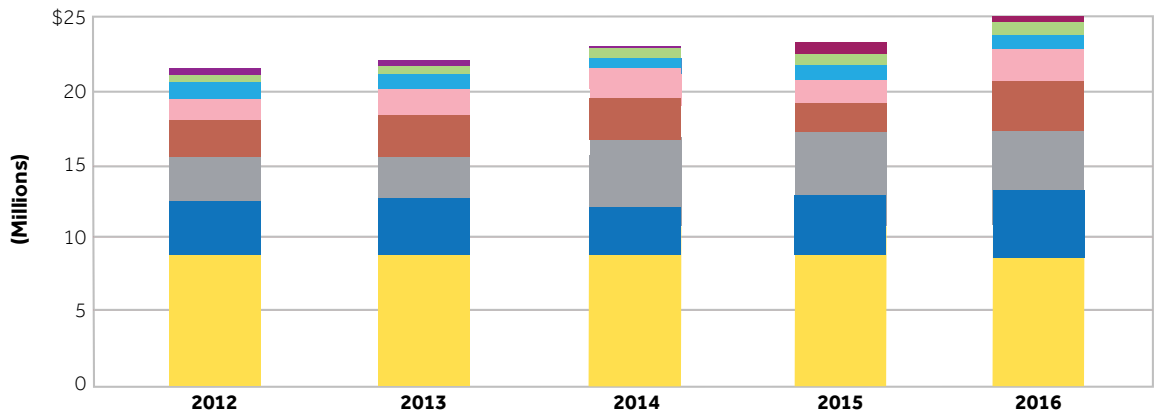
In addition to State Appropriations, the University receives appropriations earmarked for specific programs. As documented in the graph, total University-wide appropriations for the 5 years were fairly consistent while fluctuations occurred within the various programs.

State Appropriations



	2012	2013	2014	2015	2016
Supplemental SUTRA	\$4,660,700	\$19,342,700			
Campus Revenues	147,568,700	159,777,700	\$197,958,300	\$218,706,800	\$256,289,400
Tax Dollars	147,487,300	147,749,900	147,749,900	148,835,300	148,441,000

University-wide Appropriations



	2012	2013	2014	2015	2016
GSEU Support	\$365,582	\$365,582	\$72,701	\$690,012	\$722,146
SPIR	662,223	661,823	661,823	661,823	661,823
Graduate Fellowships	896,110	849,110	849,110	947,000	1,075,000
EOP	1,364,372	1,688,955	1,743,543	1,803,573	2,116,867
Empire Innovation	2,783,569	2,783,569	2,883,569	1,890,000	3,476,934
Miscellaneous	3,022,368	3,100,502	4,439,140	4,383,744	3,975,537
Banking Services	3,549,000	3,703,900	3,359,000	4,121,600	4,539,353
Graduate Tuition	8,808,600	8,808,600	8,824,600	8,824,600	8,824,600

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$203,586,470	\$269,606,289
Deposits with trustees	16,019,425	15,255,372
Short-term investments	74,625,479	61,474,112
Accounts, notes, and loans receivable, net	270,513,295	333,506,343
Interest receivable	57,349	10,399
Appropriations receivable	19,141,102	18,147,273
Grants receivable	37,591,727	46,976,074
Inventories	11,701,271	11,465,036
Other assets	8,235,749	6,518,585
Total current assets	641,471,867	762,959,483
Noncurrent Assets		
Restricted cash and cash equivalents	28,430,433	12,072,602
Deposits with trustees	60,705,446	110,521,386
Accounts, notes, and loans receivable, net	14,081,866	15,342,569
Appropriations receivable	128,501,536	116,698,809
Capital assets, net	2,081,262,853	1,846,284,083
Other assets	2,335,955	2,221,676
Total noncurrent assets	2,315,318,089	2,103,141,125
Total assets	2,956,789,956	2,866,100,608
Deferred outflows of resources	162,271,311	8,121,018
Total assets and deferred outflows of resources	3,119,061,267	2,874,221,626
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	210,757,657	263,923,349
Interest payable	5,666,768	5,058,523
Student deposits	2,472,400	2,586,416
Deposits held in custody for others	4,691,553	2,891,149
Deferred revenue	43,061,950	39,688,468
Long-term liabilities-current portion	123,878,729	125,729,589
Other liabilities	1,861,955	4,171,212
Total current liabilities	392,391,012	444,048,706
Noncurrent Liabilities		
Long-term liabilities	2,938,510,659	2,532,159,864
Refundable government loan funds	6,972,688	6,929,467
Other liabilities	6,394,925	2,953,767
Total noncurrent liabilities	2,951,878,272	2,542,043,098
Total liabilities	3,344,269,284	2,986,091,804
Deferred inflows of resources	32,769,502	6,603,666
Total liabilities and deferred outflows of resources	3,377,038,786	2,992,695,470
NET POSITION		
Invested in capital assets, net of related debt	736,109,441	632,783,621
Loans - restricted and expendable	774,743	769,941
Unrestricted	(994,861,703)	(752,027,406)
Total net position	(257,977,519)	(118,473,844)
TOTAL LIABILITIES AND NET POSITION	\$3,119,061,267	\$2,874,221,626

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

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

	FOR THE YEARS ENDING JUNE 30	
	2016	2015
OPERATING REVENUES		
Tuition and fees	\$311,563,146	\$281,213,525
Less: scholarship allowances	(66,969,954)	(64,647,766)
Net tuition and fees	244,593,192	216,565,759
Federal grants and contracts	141,234,475	142,184,555
State grants and contracts	10,652,686	10,556,604
Local grants and contracts	156,507	177,345
Private grants and contracts	64,749,643	61,442,276
University hospitals and clinics	1,170,234,874	1,150,527,679
Sales and services of auxiliary enterprises:		
Residence halls, net	60,812,003	58,472,134
Other auxiliary, net	28,950,153	27,901,273
Other operating	17,934,638	18,168,993
Total operating revenues	1,739,318,171	1,685,996,618
OPERATING EXPENSES		
Instruction	410,333,037	400,769,909
Research	112,967,711	107,710,221
Public service	27,185,116	23,778,663
Academic support	86,225,256	79,206,072
Student services	50,897,081	44,057,528
Institutional support	123,353,848	109,083,918
Operation and maintenance of plant	89,408,641	107,121,493
Scholarships and fellowships	25,727,426	26,674,996
Hospitals and clinics	1,254,465,216	1,190,501,389
Residence halls	59,167,697	54,215,580
Other auxiliary	26,413,357	29,767,638
Depreciation and amortization expense	86,006,061	83,827,479
Other operating	7,524,780	7,031,570
Total operating expenditures	2,359,675,227	2,263,746,456
Operating loss	(620,357,056)	(577,749,838)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	470,745,983	455,214,819
Federal and State student financial aid	50,676,051	49,948,881
Investment income, net of investment fees	3,251,552	4,161,466
Net realized and unrealized gains	976,479	337,761
Gifts	4,144,342	9,235,674
Interest expense on capital related debt	(58,655,400)	(49,600,592)
Loss on disposal of plant assets	(948,975)	(1,104,597)
Other nonoperating revenues (expenses), net	2,134,899	(8,792,820)
Net nonoperating revenues	472,324,931	459,400,592
Income (loss) before other revenues and gains	(148,032,125)	(118,349,246)
Capital gifts and grants	8,528,450	36,184,767
Increase (decrease) in net position	(139,503,675)	(82,164,479)
Net position at the beginning of year	(118,473,844)	(36,309,365)
NET POSITION AT THE END OF YEAR	(257,977,519)	(118,473,844)

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$246,387,614	\$217,904,513
Federal grants and contracts	140,173,690	144,256,393
State and local grants and contracts	10,417,832	10,942,007
Private grants and contracts	66,698,082	60,110,514
University hospitals and clinics	1,118,948,671	1,008,160,378
Personal service payments	(1,006,258,960)	(932,883,271)
Other than personal service payments	(565,077,129)	(542,863,985)
Payments for fringe benefits	(179,060,248)	(194,753,541)
Payments for scholarships and fellowships	(23,618,397)	(27,316,476)
Loans issued to students	(1,043,187)	(1,404,538)
Collection of loans to students	1,156,102	1,184,755
Residence halls, net	61,046,977	59,923,530
Other auxiliary, net	28,980,711	28,010,939
Other operating	14,301,306	15,172,059
Net cash used by operating activities	(86,946,936)	(153,556,723)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations:		
Operations	166,896,813	175,414,764
Debt service	58,408,075	55,680,473
Federal and State student financial aid grants	50,676,051	49,948,881
Private gifts and grants	4,144,342	9,235,674
Repayment of short-term loans		(2,772,667)
Direct loan receipts	123,686,584	118,163,632
Direct loan disbursements	(123,686,584)	(118,163,632)
Other receipts		24,710,141
Net cash flows provided by noncapital financing activities	280,125,281	312,217,266
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	119,709,688	190,811,134
Capital grants and gifts received	8,528,450	36,184,764
Purchases of capital assets	(25,655,287)	(24,793,605)
Payments to contractors	(282,321,862)	(238,233,462)
Principal paid on capital debt and leases	(56,725,485)	(47,901,652)
Interest paid on capital debt and leases	(58,655,400)	(49,600,692)
Deposits with trustees	49,051,887	7,031,426
Net cash used by capital and related financing activities	(\$246,068,009)	(\$126,502,087)

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, dividends, and realized gains on investments	\$3,227,676	\$4,172,289
Net cash provided by investing activities	3,227,676	4,172,289
Net change in cash	(49,661,988)	36,330,745
Cash - beginning of year	281,678,891	245,348,146
Cash - end of year	232,016,903	281,678,891
END OF YEAR CASH COMPRISED OF		
Cash and cash equivalents	203,586,470	269,606,289
Restricted cash and cash equivalents	28,430,433	12,072,602
Total cash - end of year	232,016,903	281,678,891
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	(620,357,056)	(577,749,838)
ADJUSTMENTS TO OPERATING LOSS		
Depreciation and amortization expense	86,006,061	83,827,479
Fringe benefits and litigation costs provided by State	231,338,458	227,573,094
CHANGE IN ASSETS AND LIABILITIES		
Receivables, net	73,602,098	(23,197,746)
Inventories	(236,235)	(533,789)
Other assets	(1,831,443)	(207,664)
Accounts payable, accrued expenses, and other liabilities	139,471,311	128,336,943
Deferred revenue	3,373,482	7,402,312
Student deposits	(114,016)	176,116
Deposits held for others	1,800,404	816,370
Net cash used by operating activities	(86,946,936)	(153,556,723)
SUPPLEMENTAL DISCLOSURES FOR NONCASH TRANSACTIONS		
New capital leases / debt agreements	119,709,688	190,811,134
Fringe benefits and litigation costs provided by the State	\$231,338,458	\$227,573,094

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY COMPONENT UNITS BALANCE SHEET

	FOR THE YEARS ENDING JUNE 30	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$137,155,055	\$92,595,179
Accounts and notes receivable, net	6,004,949	6,058,352
Pledges receivable, net	66,449,131	82,925,183
Investments	256,311,151	275,569,665
Assets held for others	1,914,502	2,006,356
Other assets	2,539,983	2,339,757
Capital assets, net	38,600,302	34,571,021
Total assets	508,975,073	496,065,513
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	13,948,588	11,942,161
Current portion of long-term debt	1,291,548	1,259,111
Deferred revenue	2,271,608	1,139,750
Deposits held for others	32,768,359	40,983,397
Post retirement benefit obligation and pension	978,013	862,435
Long-term debt	9,303,225	10,594,773
Other liabilities	6,826,431	5,752,764
Total liabilities	67,387,772	72,534,391
NET ASSETS		
Unrestricted		
Fixed assets	38,281,740	30,659,181
Campus programs	11,834,055	9,585,473
Other	12,458,916	10,064,004
Undesignated	437,227	10,158,756
Temporarily restricted		
Scholarships and fellowships	19,363,280	16,729,258
Campus programs	51,306,747	50,908,447
Research	13,404,695	12,288,329
General operations and other	129,083,277	127,507,047
Permanently restricted		
Scholarships and fellowships	24,888,404	22,688,904
Campus programs	107,399,705	99,102,798
Research	4,508,060	3,266,126
General operations and other	28,621,195	30,572,799
Total net assets	441,587,301	423,531,122
TOTAL LIABILITIES AND NET ASSETS	\$508,975,073	\$496,065,513

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY COMPONENT UNITS STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30			2016	2015
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
REVENUES					
Contributions, gifts, and grants	\$3,103,853	\$37,165,022	\$13,649,158	\$53,918,033	45,705,232
Investment income, net	772,725	1,765,862		2,538,587	1,684,029
Net realized and unrealized gains	3,764,547	8,053,300		11,817,847	21,805,608
Food service	32,587,153			32,587,153	30,873,338
Other auxiliary services	7,025,527			7,025,527	7,251,287
Rental income	138,878	309,195		448,073	432,602
Sales and services	387,671			387,671	4,084,097
Other sources	44,763	(4,600)	140	40,303	57,913
Net assets released from restrictions	45,421,812	(45,421,812)			
Total revenues	93,246,929	1,866,967	13,649,298	108,763,194	111,894,106
EXPENSES					
Food service	26,468,522			26,468,522	24,512,588
Other auxiliary services	5,403,482			5,403,482	5,110,323
Program expenses	30,524,226			30,524,226	40,073,874
Payments to State University:					
Scholarships and fellowships	2,315,111			2,315,111	4,934,189
Other	12,233,376			12,233,376	11,639,179
Depreciation and amortization expense	2,758,961			2,758,961	2,735,039
Interest expense on capital-related debt	360,917			360,917	392,531
Management and general	6,626,044			6,626,044	5,461,421
Fundraising	4,016,376			4,016,376	2,887,087
Total expenditures	90,707,015			90,707,015	97,746,231
Increase in net assets	2,539,914	1,866,967	13,649,298	18,056,179	14,147,875
Net assets at the beginning of year	60,467,414	207,433,081	155,630,627	423,531,122	409,383,247
Transfer of net assets	4,610	3,857,951	(3,862,561)		
NET ASSETS AT THE END OF YEAR	\$63,011,938	\$213,157,999	\$165,417,364	\$441,587,301	\$423,531,122

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Financial Presentation

In June 2007, Stony Brook University (the University) adopted a financial statement format consistent with the State University of New York's (SUNY) audited financial statements. The University assumed this position in order to conform to GASB and FASB pronouncements. The University has relied on information provided by SUNY for the allocation of various net asset values not easily identified by the University.

Reporting Entity

For financial reporting purposes, the University is comprised of sectors which include the university centers of the main campus, Manhattan, Southampton, health science centers (including hospitals), colleges and schools, central services and other affiliated entities determined to be includable in the University's financial reporting entity. Inclusion in the entity is based primarily on the notion of financial accountability, defined in terms of a primary government (University) that is financially accountable for the organizations that make up its legal entity. Separate legal entities meeting the criteria for inclusion in the blended totals of the University reporting entity are described below.

The Research Foundation of State University of New York at Stony Brook (Research Foundation) is a separate not-for-profit educational corporation that operates as the fiscal administrator for the majority of the University's sponsored programs. The programs include research, training, and public service activities of the State-operated campuses supported by sponsored funds other than State appropriations. The activity of the Research Foundation has been included in these financial statements using GASB measurements and recognition standards. The financial activity was derived from audited financial statements of the Research Foundation for the years ended June 30, 2016 and 2015.

The State University Construction Fund (Construction Fund) is a public benefit corporation that designs, constructs, reconstructs, and rehabilitates SUNY facilities to an approved master plan. It is a separate legal entity that carries out operations which are integrally related to SUNY and its reporting components, and therefore, the financial activity related to the University's share of Construction Fund is included in the financial statements as of the Construction Fund's fiscal year end of March 31, 2016 and 2015. To report construction fund activities related to the University, certain methodologies are used by SUNY to allocate plant fund balances by campus.

The Faculty Student Association (FSA) is a legally separate, nonprofit corporation, which as an independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community. The Stony Brook Foundation Inc. (the Foundation) is a legally separate, nonprofit, affiliated organization that receives and holds economic resources that is significant to, and entirely for the University, and is required to be included in the reporting entity using discrete presentation requirements. As a result, the combined totals of the FSA and the Foundation are separately presented as aggregate component units on financial statement pages 18 and 19 in the University's financial statements in accordance with display requirements prescribed by the Financial Accounting Standards Board (FASB). The financial data for these organizations was derived from each entity's individual audited financial statements for the years ended June 30, 2016 and 2015.

The operations of certain related but independent organizations, i.e., clinical practice management plans, alumni association and student associations, are not included in the accompanying financial statements as such organizations do not meet the definition for inclusion.

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by GASB. The University reports its financial statements as a special-purpose government engaged in business-type activities, as defined by GASB. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the University consist of a classified balance sheet; a statement of revenues, expenses, and changes in net position, that distinguish between operating and nonoperating revenues and expenses; and a statement of cash flows, using the direct method of presenting cash flows from operations and other sources.

The University's policy for defining operating activities in the statement of revenues, expenses, and changes in net position is one that generally results from exchange transactions, i.e., the payments received for services and payments made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities and include the University's operating and capital appropriations from the State, Federal and State financial aid grants, net investment income, gifts, and interest expense.

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

Net investment in capital assets

Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

Restricted – nonexpendable:

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

Restricted – expendable:

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

Unrestricted component of net position:

Included in unrestricted component of net position are amounts provided for specific use by the University's colleges, hospitals and clinics, and separate legal entities included in the University's reporting entity that are designated for those entities and, therefore, not available for other purposes.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Revenues

Revenues are recognized in the accounting period when earned. State appropriations are recognized when they are made legally available for expenditure. Revenues and expenditures arising from nonexchange transactions are recognized when all eligibility requirements, including time requirements, are met. Promises of private donations are recognized at fair value. Net patient service revenue for the hospitals is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Tuition and fees and auxiliary sales and service revenues are reported net of scholarship discounts and allowances. Auxiliary sales and service revenue classifications were reported net of the following scholarship discount and allowance amounts for the fiscal year (in thousands):

Residence halls	\$15,797
Other auxiliary	5,425

Deferred Outflows of Resources

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

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Compensated Absences

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

Inventories

Inventories held by the University are primarily stated at the lower of cost or market value on a first-in, first-out basis.

Fringe Benefits

Employee fringe benefit costs (e.g., health insurance, worker's compensation, retirement and post-retirement benefits) are paid by the State on behalf of the University (except for the University hospitals and Research Foundation, which pay their own fringe benefit costs) at a fringe benefit rate determined by the State. The University records an expense and corresponding State appropriation revenue for fringe benefit costs based on the fringe benefit rate applied to total eligible personal service costs incurred.

Tax Status

The University and the Construction Fund are political subdivisions of the State and are, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations.

The Research Foundation is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Service Code and is tax-exempt on related income, pursuant to Section 501(a) of the code.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts displayed in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as current operating assets that include investments with original maturities of less than 90 days, except for cash and cash equivalents held in investment pools which are included in short-term and long-term investments in the accompanying balance sheet.

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

Cash held in the State treasury beyond immediate need is pooled with other State funds for investment purposes. The pooled balances are limited to legally stipulated investments which include obligations of, or are guaranteed by, the United States, obligations of the State and its political subdivisions, and repurchase agreements. These investments are reported at cost (which approximates fair value) and are held by the State's agent in its name on behalf of the University.

The New York State Comprehensive Annual Financial Report contains the GASB No. 40 risk disclosures for deposits held in the State treasury. Deposits not held in the State treasury that are not covered by depository insurance and are: (a) uncollateralized were \$0 and (b) collateralized with securities held by a pledging financial institution were \$6.2 million at June 30, 2016.

3. DEPOSITS WITH TRUSTEES

Deposits with trustees primarily represent Dormitory Authority of the State of New York (DASNY) bond proceeds needed to finance capital projects and to establish required building and equipment replacement and debt service reserves. Pursuant to financing agreements with DASNY, bond proceeds, including interest income, are restricted for capital projects or debt service. Also included are non-bond proceeds which have been designated for capital projects and equipment.

4. INVESTMENTS

Investments of the University are recorded at fair value. Investment income is recorded on the accrual basis, and purchases and sales of investment securities are reflected on a trade date basis. Any net earnings not expended are included as increases in restricted - nonexpendable net position if the terms of the gift require that such earnings be added to the principal of a permanent endowment fund, or as increases in restricted - expendable net position as provided for under the terms of the gift, or as unrestricted.

Investments are comprised of investments of the Research Foundation. The Research Foundation maintains a diverse investment portfolio and with respect to debt instruments, has a policy of investing in primarily high quality securities. Investments are held with the investment custodian in the Research Foundation's name. Investments at fiscal year end are \$75 million.

5. ACCOUNTS, NOTES, AND LOANS RECEIVABLE

At June 30, 2016, accounts, notes, and loans receivables were summarized as follows (in thousands):

	2016	2015
Tuition and fees	\$4,690	\$4,877
Allowance for uncollectible	(1,216)	(1,193)
Net tuition and fees	3,474	3,684
Room rent	818	979
Allowance for uncollectible	(250)	(268)
Net room rent	568	711
Patient fees, net of contractual allowances	403,729	412,821
Allowance for uncollectible	(148,273)	(92,481)
Net patient fees	255,456	320,340
Other, net	18,155	16,964
Total accounts receivable and notes receivable	277,653	341,699
Student loans	8,129	8,372
Allowance for uncollectible	(1,187)	(1,222)
Total student loans receivable	6,942	7,150
TOTAL, NET	\$284,595	\$348,849

ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital assets are stated at cost, or in the case of gifts, fair value at the date of receipt. Building renovations and additions costing more than \$100,000 and equipment items with a unit cost of more than \$5,000 are capitalized. Equipment under capital leases are stated at the present value of minimum lease payments at the inception of the lease. Interest during the construction of capital projects is capitalized. With the exception of land, construction in progress, and inexhaustible works of art, capital assets are depreciated on a straight-line basis over their estimated useful lives, using historical and industry experience, ranging from three to 50 years.

Capital assets, net of accumulated depreciation, totaled \$2.1 billion. Capital asset activity is reflected in the table below (in thousands). Closed projects and retirements represent capital assets retired and assets transferred from construction in progress for projects completed and the related capital assets placed in service.

	JUNE 30 2014	ADDITIONS	RETIREMENTS	JUNE 30 2015	ADDITIONS	RETIREMENTS	JUNE 30 2016
Land	\$178,437	\$734	\$28	\$179,143	\$2,082	\$7	\$181,218
Infrastructure and land improvements	161,861	5,176	1,018	166,019	8,966	654	174,331
Buildings	1,695,690	57,775	13,701	1,739,764	94,137	8,330	1,825,571
Equipment, library books and artwork	557,457	26,300	16,246	567,511	30,640	13,670	584,481
Construction in progress	277,515	241,463	68,242	450,736	271,093	84,644	637,185
Total Capital Assets	2,870,960	331,448	99,235	3,103,173	406,918	107,305	3,402,786
Less: accumulated depreciation:							
Infrastructure and land improvements	63,583	6,893	806	69,670	7,297	544	76,423
Buildings	688,435	46,579	12,148	722,866	49,224	7,820	764,270
Equipment, library books and artwork	449,481	30,595	15,723	464,353	29,485	13,008	480,830
Total accumulated depreciation	1,201,499	84,067	28,677	1,256,889	86,006	21,372	1,321,523
CAPITAL ASSETS, NET	\$1,669,461	\$247,381	\$70,558	\$1,846,284	\$320,912	\$85,933	\$2,081,263

7. LONG-TERM LIABILITIES

The University has entered into capital leases and other financing agreements with DASNY to finance most of its capital facilities. The University has also entered into financing arrangements with the New York Power Authority under the statewide energy services program. Equipment purchases are also made through DASNY's Tax-exempt Equipment Leasing Program (TELP), various state sponsored equipment leasing programs, or private financing arrangements. At June 30, 2016, other than facilities obligations, which are included as of March 31, 2016, Total obligations are summarized in the following table (in thousands):

	JUNE 30, 2014	ADDITIONS	REDUCTIONS	JUNE 30, 2015	ADDITIONS	REDUCTIONS	JUNE 30, CURRENT 2016	CURRENT PORTION
Long-term debt:								
Educational Facilities	\$840,643	\$148,154	\$28,639	\$960,158	\$93,086	\$33,733	\$1,019,511	\$30,064
Residence Hall Facilities	295,393		7,325	288,068	24,296	9,101	303,263	9,425
Capital Leases	36,529		5,946	30,583	29,960	8,009	52,534	11,177
Other long-term debt - RF	2,500		2,500					
Other long-term debt - Gyrodyne	23,502	4,000	4,000	23,502	4,000	4,000	23,502	4,502
Other long-term debt -SUNY 2020	20,006	1,986	1,992	20,000		3,023	16,977	1,894
Total long-term debt	1,218,573	154,140	50,402	1,322,311	151,342	57,866	1,415,787	57,062
Other long term liabilities:								
Post-employment and post-retirement	974,342	261,967	102,011	1,134,298	236,745	88,244	1,282,799	47,651
Loan from State	13,708	13	2,773	10,948	30		10,978	7,800
Litigation	112,893	13,291	3,235	122,949	17,715	5,431	135,233	6,732
Pensions	69,051	47,258	48,926	67,383	198,118	47,909	217,592	4,633
Total other long-term liabilities	1,169,994	322,529	156,945	1,335,578	452,608	141,584	1,646,602	66,816
TOTAL LONG-TERM LIABILITIES	\$2,388,567	\$476,669	\$207,347	\$2,657,889	\$603,950	\$199,450	\$3,062,389	\$123,878

Educational Facilities

The University, through DASNY, has entered into financing agreements to finance various educational facilities which have a maximum 30-year life. Athletic facility debt is aggregated with educational facility debt. Debt service is paid by, or from, specific appropriations of the State. During the year, Personal Income Tax Revenue Bonds (PIT) and Sales Tax Revenue Bonds were issued for the purpose of financing capital construction and major rehabilitation for educational facilities in the amount of \$93 million.

Residence Hall Facilities

The University has entered into capital lease agreements for residence hall facilities. DASNY bonds for residence hall facilities, which have a maximum 30-year life, are repaid from room rentals and other residence hall revenues. Upon repayment of the bonds, including interest thereon, and the satisfaction of all other obligations under the lease agreements, DASNY shall convey to the University all rights, title, and interest in the assets financed by the capital lease agreements. Residence hall facilities revenue realized during the year from facilities from which there are bonds outstanding is pledged as a security for debt service and is assigned to DASNY to the extent required for debt service purposes. Any excess funds pledged to DASNY are available for residence hall capital and operating purposes.

In March 2013, the State enacted legislation amending the Public Authorities Law and Education Law of the State. The amendments, among other things, authorized the University to assign to DASNY all of the University's rights, title and interest in dormitory facilities revenues derived from payments made by students and others for use and occupancy of certain dormitory facilities. The amendments further authorize DASNY to issue Dormitory Facilities Revenue Bonds payable from and secured by the dormitory facilities revenues assigned to it by the University. The enacted legislation also created a special fund to be held by the State's Commissioner of Taxation and Finance on behalf of DASNY. All of the dormitory facilities revenues collected by the University are required to be deposited in this special fund.

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Capital Lease Arrangements

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

Loan - State STIP Pool

In prior years, the University experienced operating cash-flow deficits precipitated by cash-flow difficulties experienced by the Hospital. In connection with these cash-flow deficits, as authorized by State Finance Law, the University borrowed funds with interest from the short-term investment pool of the State. The amount outstanding under this borrowing from the State at June 30, 2016, was \$11.1 million.

8. RETIREMENT

Retirement Benefits

There are three major retirement plans for University state employees: the New York State and Local Employees' Retirement System (ERS), the New York State Teachers' Retirement System (TRS), and the Optional Retirement Program (ORP). ERS is a cost-sharing, multiple-employer, defined benefit public plan administered by the State Comptroller. TRS is a cost-sharing, multiple-employer, defined benefit public plan separately administered by a ten-member board. ORP is a multiple-employer, defined contribution plan administered by separate vendors – TIAA-CREF, Fidelity, Metropolitan Life, VALIC, and VOYA. Substantially all full-time employees participate in the plans.

Obligations of employers and employees to contribute, and related benefits, are governed by the New York State Retirement and Social Security Law (NYSRSSL) and Education Law. These plans offer a wide range of programs and benefits. ERS and TRS benefits are related to years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. ERS and TRS provide retirement benefits as well as death and disability benefits. Benefits generally vest after five years of credited service, or after ten years of service for those joining after January 1, 2010. The NYSRSSL provides that all participants in ERS and TRS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS and TRS after July 27, 1976, and have less than ten years of service or membership are required to contribute 3 percent of their salary. Employee contributions are deducted from their salaries and remitted on a current basis to ERS and TRS.

ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. TIAA/CREF is contributory for employees who joined after July 27, 1976, who contribute 3 percent of their salary. Employer contributions range from 8 percent to 15 percent depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA/CREF. The employer contributions are equal to 100 percent of the required contributions under each of the respective plans.

For the Hospital's cost-sharing multiple employer pension plans, the University has implemented in 2015 GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB No. 68). The Hospital is considered a participating employer of the New York State and Local Retirement System (ERS) and New York State Teachers' Retirement System (TRS) pension plans. This Statement requires that a portion of the Plan's net pension liability (asset), as well as deferred inflows and outflows from pension activities be reflected in the reported amounts on the balance sheet. As a result, the University has recorded a participating proportion of the net pension asset and liability of the TRS and ERS plans, respectively.

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

Post-employment and Post-retirement Benefits

The State, on behalf of the University, provides health insurance coverage for eligible retired University state employees and their spouses as part of the New York State Health Insurance Plan (NYSHIP). NYSHIP offers comprehensive benefits through various providers consisting of hospital, medical, mental health, substance abuse and prescription drug programs. The State administers NYSHIP and has the authority to establish and amend the benefit provisions offered. NYSHIP is considered an agent multiple-employer defined benefit plan, is not a separate entity or trust, and does not issue stand-alone financial statements. The University, as a participant in the plan, recognizes OPEB expenses on an accrual basis.

Employee contribution rates for NYSHIP are established by the State and are generally 12 percent for enrollee coverage and 27 percent for dependent coverage. NYSHIP premiums are being financed on a pay-as-you-go basis. During the fiscal year, the State, on behalf of the University, paid health insurance premiums of \$49.4 million. The University's annual OPEB cost and increase in the OPEB obligation, relating to its state employees, for the year ended June 30, 2016, is as follows (in thousands):

Annual required contribution and annual OPEB cost	\$185,236
Benefits paid during year	49,421
Increase in OPEB Obligation	135,815
Net obligation at beginning of year	997,428
NET OBLIGATION AT END OF YEAR	\$1,133,243

The initial unfunded actuarial accrued liability is being amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The actuarial valuation utilizes a frozen entry age actuarial cost method. The actuarial assumptions include a 3.2 percent discount rate, payroll growth rate of 3.0 percent, and an annual healthcare cost trend rate for medical coverage of 8.3 percent initially, reduced by decrements to a rate of 4.8 percent after seven years. Projections of benefits are based on the plan and include the types of benefits provided at the time of each valuation. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of future events. The actuarial methods and assumptions used are designed to reduce short-term volatility in reported amounts and reflect a long-term perspective.

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

Contributions by the Research Foundation are made pursuant to a funding policy established by its Board of Directors. Assets are held in a Voluntary Employee Benefit Association (VEBA) trust and are considered plan assets in determining the funded status or funding progress of the plan under GASB reporting and measurement standards. The Research Foundation post-retirement obligation for the year ended June 30, 2016 was \$70.8 million.

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9. COMMITMENTS

The University has entered into contracts for the construction and improvement of various projects. The University is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year under such operating leases were approximately \$9.6 million. The following is a summary of the future minimum rental commitments under non-cancelable real property and equipment leases with terms exceeding one year (in thousands):

YEARS ENDING JUNE 30,	
2017	\$8,372
2018	6,020
2019	5,581
2020	4,407
2021	2,924
2022-26	4,731
TOTAL	\$32,035

10. CONTINGENCIES

The State is contingently liable in connection with claims and other legal actions involving the University, including those currently in litigation arising in the normal course of University activities. The University does not carry malpractice insurance and, instead, administers these types of cases in the same manner as all other claims against the State involving University activities in that any settlements of judgments and claims are paid by the State from an account established for this purpose. With respect to pending and threatened litigation, the medical malpractice liability includes incurred but not reported (IBNR) loss estimates. The estimate of IBNR losses is actuarially determined based on historical experience using a discounted present value of estimated future cash payments. The University has recorded a liability and a corresponding appropriation receivable of approximately \$135 million at June 30, 2016.

The University is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. The University has insurance coverage for its residence hall facilities. However, in general, the University does not insure its educational buildings, contents or related risks and does not insure its vehicles and equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by the University are covered by the State on a self-insured basis. The State does have fidelity insurance on State employees.

11. RELATED PARTIES

The University's single largest source of revenue is State appropriations. State appropriations take the form of direct assistance, debt service on educational facility and PIT bonds, fringe benefits for State employees, and litigation expenses for which the State is responsible. State appropriations totaled \$471 million and \$455 million and represented approximately 20.7 percent and 20.3 percent of total revenues for the 2016 and 2015 fiscal years, respectively. The University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

12. CONDENSED FINANCIAL STATEMENT OF INFORMATION OF THE RESEARCH FOUNDATION

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

CONDENSED BALANCE SHEET	2016	2015
ASSETS		
Current assets	\$118,848	\$115,552
Capital assets	10,439	8,967
Other assets	2,336	2,222
Total assets	131,623	126,741
LIABILITIES		
Current liabilities	45,920	50,594
Noncurrent liabilities	68,190	137,669
Total liabilities	114,110	188,263
NET POSITION		
Invested in capital assets, net	10,438	15,473
Unrestricted	7,075	(76,995)
Total net position	17,513	(61,522)
TOTAL LIABILITIES AND NET POSITION	\$131,623	\$126,741
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
OPERATING REVENUES		
Federal grants and contracts	\$128,548	\$136,990
State grants and contracts	7,793	8,713
Private grants and contracts	20,762	21,114
Other operating revenues	104,886	24,235
Total operating revenues	261,989	191,052
EXPENSES		
Instruction	15,607	14,193
Research	99,919	108,050
Public service	13,968	13,246
Institutional support	49,995	44,044
Other operating expenses	1,682	1,994
Depreciation and amortization expense	1,671	1,611
Total operating expenses	182,842	183,138
Operating income	79,147	7,914
Net nonoperating revenues/(expenses)	(112)	(36,789)
Increase (decrease) in net position	79,035	(28,875)
Net position at the beginning of year	(61,522)	(32,647)
NET POSITION AT THE END OF YEAR	17,513	(61,522)
RESEARCH FOUNDATION CONDENSED STATEMENT OF CASH FLOWS		
Cash flows from operating activities	(2,387)	(1,782)
Cash flows from capital and related financing activities		(1,921)
Cash flows from investing activities	2,628	3,733
Net change in cash	241	30
Cash - beginning of year	67	37
CASH - END OF YEAR	\$308	\$67

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13. FEDERAL GRANTS AND CONTRACTS AND THIRD-PARTY REIMBURSEMENT

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

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

14. SUBSEQUENT EVENTS

The State University considers events or transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements covering the year ended June 30, 2016 were available to be issued on April 3, 2017 and subsequent events have been evaluated through that date.

15. COMPONENT UNITS

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

These organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for these organizations was derived from each entity's individual audited financial statements, reported in accordance with generally accepted accounting principles promulgated by FASB, as of the June 30 fiscal year end. During the year, the Foundation distributed \$14.6 million to the University, principally for scholarships.

Net Asset Classifications

Unrestricted net assets represents resources whose uses are not restricted by donor-imposed stipulations and are generally available for the support of the University campus and Foundation programs and activities. Temporarily restricted net assets represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or are removed by specific actions. Permanently restricted net assets represent resources that donors have stipulated must be maintained permanently. The income derived from the permanently restricted net assets is permitted to be spent in part or in whole, restricted only by the donors' wishes.

Investments

All investments with readily determinable fair values have been reported in the financial statements at fair value. Realized and unrealized gains and losses are recognized in the statement of activities. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investments of the University discretely presented component units were \$256 million as of June 30, 2016.

Capital Assets

Capital assets are stated at cost, if purchased, or fair value at date of receipt, if acquired by gift. Land improvements, buildings, and equipment are depreciated over their estimated useful lives using the straight-line method. Capital assets, net of accumulated depreciation, totaled \$38.6 million as of June 30, 2016. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$1,513
Buildings	35,997
Equipment	12,497
Artwork and library books	6,444
Construction in progress	6,361
Total capital assets	62,812
Less accumulated depreciation	24,212
CAPITAL ASSETS, NET	\$38,600

Long-term Debt

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

YEARS ENDING JUNE 30	
2017	\$1,292
2018	1,330
2019	1,369
2020	1,409
2021	1,222
Thereafter	3,973
TOTAL	\$10,595

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Condensed Financial Statement Information

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

COMBINED BALANCE SHEETS						
	FOUNDATION	FSA	2016 TOTAL	FOUNDATION	FSA	2015 TOTAL
ASSETS						
Investments	\$246,902	\$9,409	\$256,311	\$266,126	\$9,444	\$275,570
Capital assets, net	16,840	21,761	38,601	12,396	22,174	34,570
Other assets	183,687	30,377	214,064	159,792	26,133	185,925
Total assets	447,429	61,547	508,976	438,314	57,751	496,065
LIABILITIES						
Current liabilities	40,424	16,369	56,793	48,433	11,385	59,818
Long-term debt/other	1,230	9,365	10,595	1,435	11,281	12,716
Total liabilities	41,654	25,734	67,388	49,868	22,666	72,534
NET ASSETS						
Unrestricted	27,199	35,813	63,012	25,382	35,085	60,467
Temporarily restricted	213,158		213,158	207,433		207,433
Permanently restricted	165,418		165,418	155,631		155,631
Total Net Assets	405,775	35,813	441,588	388,446	35,085	423,531
TOTAL LIABILITIES AND NET ASSETS	\$447,429	\$61,547	\$508,976	\$438,314	\$57,751	\$496,065
COMBINED STATEMENT OF ACTIVITIES						
REVENUES						
Contributions, gifts and grants	\$53,918		\$53,918	\$45,705		\$45,705
Food and auxiliary services		\$39,613	39,613		\$38,125	38,125
Sales and services	388		388	4,084		4,084
Other revenue	14,812	33	14,845	23,555	425	23,980
Total revenues	69,118	39,646	108,764	73,344	38,550	111,894
EXPENSES						
Food and auxiliary services		31,872	31,872		29,623	29,623
Program expenses	30,187	337	30,524	39,698	376	40,074
Other expenses	21,602	6,709	28,311	22,455	5,594	28,049
Total expenses	51,789	38,918	90,707	62,153	35,593	97,746
Total change in net assets	17,329	728	18,057	11,191	2,957	14,148
Net assets at the beginning of year	388,446	35,085	423,531	377,255	32,128	409,383
NET ASSETS AT THE END OF YEAR	\$405,775	\$35,813	\$441,588	\$388,446	\$35,085	\$423,531



Stony Brook
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