



Stony Brook
University

2020-2021

ANNUAL FINANCIAL REPORT

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STONY BROOK UNIVERSITY BALANCE SHEET

FOR THE YEARS ENDING JUNE 30

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$606,605,194	\$527,947,179
Deposits with trustees	19,420,317	21,333,274
Short-term investments	170,876,684	130,902,582
Accounts, notes, and loans receivable, net	509,413,426	477,380,887
Interest receivable	18,459	56,521
Appropriations receivable	27,173,903	133,097,264
Grants receivable	49,015,282	52,830,849
Inventories	20,623,883	15,901,844
Other assets	20,439,842	41,440,516
Total current assets	1,423,586,990	1,400,890,916
Noncurrent Assets		
Restricted cash and cash equivalents	6,401,951	11,604,545
Deposits with trustees	16,427,909	42,780,548
Accounts, notes, and loans receivable, net	2,385,228	3,123,521
Appropriations receivable	230,221,004	262,234,320
Long-term investments	39,069,186	21,967,002
Capital assets, net	2,559,066,698	2,535,622,845
Other assets	26,287,253	2,940,984
Total noncurrent assets	2,879,859,229	2,880,273,765
Total assets	4,303,446,219	4,281,164,681
Deferred outflows of resources	292,236,754	236,019,796
Total assets and deferred outflows of resources	4,595,682,973	4,517,184,477
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	508,171,698	392,790,077
Interest payable	4,053,686	6,581,361
Student deposits	2,461,275	2,537,515
Deposits held in custody for others	6,793,032	7,450,293
Deferred revenue	76,567,241	95,732,121
Long-term liabilities-current portion	150,848,065	150,447,255
Other liabilities	200,601,898	218,584,917
Total current liabilities	949,496,895	874,123,539
Noncurrent Liabilities		
Long-term liabilities	2,137,350,715	2,564,049,459
Refundable government loan funds	3,924,968	5,001,535
Other liabilities	5,889,571	4,875,057
Total noncurrent liabilities	2,147,165,254	2,573,926,051
Total liabilities	3,096,662,149	3,448,049,590
Deferred inflows of resources	444,977,528	37,981,305
Total liabilities and deferred inflows of resources	3,541,639,677	3,486,030,895
NET POSITION		
Invested in capital assets, net of related debt	598,543,084	623,271,551
Loans - restricted and expendable	436,108	555,727
Unrestricted	455,064,104	407,326,304
Total net position	1,054,043,296	1,031,153,582
TOTAL LIABILITIES AND NET POSITION	\$4,595,682,973	\$4,517,184,477

See accompanying notes to financial statements.

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

	FOR THE YEARS ENDING JUNE 30	
	2021	2020
OPERATING REVENUES		
Tuition and fees	\$364,682,367	\$368,094,774
Less: scholarship allowances	(102,983,768)	(94,783,550)
Net tuition and fees	261,698,599	273,311,224
Federal grants and contracts	186,984,427	168,096,129
State grants and contracts	7,259,956	15,768,495
Local grants and contracts	314,120	231,196
Private grants and contracts	63,254,527	62,935,041
University hospitals and clinics	1,784,616,432	1,673,427,501
Sales and services of auxiliary enterprises:		
Residence halls, net	39,570,845	67,313,947
Other auxiliary, net	29,312,084	32,058,897
Other operating	13,210,387	13,142,743
Total operating revenues	2,386,221,377	2,306,285,173
OPERATING EXPENSES		
Instruction	394,460,716	396,255,427
Research	136,359,366	120,540,105
Public service	30,099,614	31,874,692
Academic support	72,414,063	79,917,678
Student services	56,706,296	59,443,722
Institutional support	127,451,900	121,437,063
Operation and maintenance of plant	80,042,109	86,286,822
Scholarships and fellowships	46,533,467	29,767,697
Hospitals and clinics	1,779,671,966	1,870,793,156
Residence halls	54,253,120	65,896,964
Other auxiliary	26,382,305	28,427,044
Depreciation and amortization expense	134,691,813	126,731,156
Other operating	14,112,902	7,141,997
Total operating expenditures	2,953,179,637	3,024,513,523
Operating loss	(566,958,260)	(718,228,350)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	466,968,396	523,948,407
Federal and State student financial aid	139,513,842	197,530,891
Investment income, net of investment fees	4,069,465	10,607,259
Net realized and unrealized gains	30,336,118	4,382,194
Gifts	10,403,658	4,003,106
Interest expense on capital related debt	(72,745,586)	(76,830,294)
Loss on disposal of plant assets	(90,874)	(433,198)
Other nonoperating expenses	4,982,009	(4,705,138)
Net nonoperating revenues	583,437,028	658,503,227
Income (loss) before other revenues and gains	16,478,768	(59,725,123)
Capital gifts and grants	6,410,946	4,079,723
Increase (decrease) in net position	22,889,714	(55,645,400)
Net position at the beginning of year	1,031,153,582	1,086,798,982
NET POSITION AT THE END OF YEAR	\$1,054,043,296	\$1,031,153,582

See accompanying notes to financial statements.

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STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

FOR THE YEARS ENDING JUNE 30

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$261,692,746	\$275,355,665
Federal grants and contracts	183,613,382	170,264,986
State and local grants and contracts	7,437,233	14,153,579
Private grants and contracts	64,928,020	71,089,828
University hospitals and clinics	1,535,644,259	1,590,500,978
Personal service payments	(1,312,454,314)	(1,260,772,320)
Other than personal service payments	(747,607,033)	(769,058,335)
Payments for fringe benefits	(271,676,898)	(231,443,293)
Payments for scholarships and fellowships	(44,180,676)	(37,821,999)
Loans issued to students	(77,689)	(1,103,573)
Collection of loans to students	40,326	130,009
Residence halls, net	39,863,836	67,385,261
Other auxiliary, net	25,278,593	24,885,584
Other operating	7,731,644	(2,646,569)
Net cash used by operating activities	(249,766,571)	(89,080,199)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations:		
Operations	255,904,347	14,703,874
Debt service	82,722,458	70,894,024
Federal and State student financial aid grants	146,250,010	205,333,180
Private gifts and grants	10,403,658	4,003,106
Repayment of short-term loans	(1,600,000)	(1,600,000)
Direct loan receipts	118,348,319	118,204,296
Direct loan disbursements	(118,348,319)	(118,204,296)
Other receipts (payments)		6,865,000
Net cash flows provided by noncapital financing activities	493,680,473	300,199,184
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	64,281,486	184,831,856
Capital grants and gifts received	8,111,946	4,796,109
Purchases of capital assets	(40,979,576)	(39,360,201)
Payments to contractors	(141,863,739)	(148,413,762)
Principal paid on capital debt and leases	(74,352,297)	(59,399,304)
Interest paid on capital debt and leases	(72,745,583)	(76,830,294)
Deposits with trustees	82,921,228	(22,465,623)
Net cash used by capital and related financing activities	(174,626,535)	(156,841,219)

See accompanying notes to financial statements.

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STONY BROOK UNIVERSITY STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDING JUNE 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, dividends, and realized gains on investments	4,168,054	11,548,265
Net cash provided by investing activities	4,168,054	11,548,265
Net change in cash		
	73,455,421	65,826,031
Cash - beginning of year	539,551,724	473,725,693
Cash - end of year	613,007,145	539,551,724
END OF YEAR CASH COMPRISED OF		
Cash and cash equivalents	606,605,194	527,947,179
Restricted cash and cash equivalents	6,401,951	11,604,545
Total cash - end of year	613,007,145	539,551,724
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	(566,958,260)	(718,228,350)
ADJUSTMENTS TO OPERATING LOSS		
Depreciation and amortization expense	134,691,813	126,731,156
Fringe benefits and litigation costs provided by State	263,750,593	276,811,830
CHANGE IN ASSETS AND LIABILITIES		
Receivables, net	(249,913,045)	40,589,639
Inventories	(4,723,678)	(1,242,478)
Other assets	20,105,250	(9,980,933)
Accounts payable, accrued expenses, and other liabilities	269,218,816	(82,618,599)
Deferred revenue	(38,093,411)	26,654,207
Student deposits	(76,240)	(146,185)
Deposits held for others	(2,292,711)	(924,318)
Other liabilities	(75,475,668)	253,273,832
Net cash used by operating activities	(\$249,766,571)	(\$89,080,199)

See accompanying notes to financial statements.

ANNUAL FINANCIAL REPORT

STONY BROOK UNIVERSITY COMPONENT UNITS BALANCE SHEET

FOR THE YEARS ENDING JUNE 30

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$135,003,011	\$108,425,197
Accounts receivable and notes receivable, net	4,687,032	7,046,627
Pledges receivable, net	97,745,497	99,781,529
Investments	520,024,547	405,653,042
Assets held for others	418,328	375,775
Other assets	952,063	1,346,908
Capital assets, net	31,242,578	32,846,256
Total assets	790,073,056	655,475,334
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	8,704,767	8,200,981
Deferred revenue	2,748,026	3,024,250
Deposits held for others	53,084,584	49,260,536
Other liabilities	12,684,415	15,354,300
Long-term debt	1,720,811	1,720,811
Total liabilities	77,221,792	77,560,878
NET ASSETS		
Net assets without donor restrictions		
Board designated for:		
Fixed Assets	22,172,100	22,277,750
Campus Programs	8,460,611	7,599,960
General operations and other	71,454,891	13,290,881
Undesignated	3,145,399	40,111,074
Net assets with donor restrictions		
Scholarships and fellowships	78,973,919	67,716,087
Campus programs	311,697,192	241,800,607
Research, general operations and other	216,947,152	185,118,097
Total net assets	712,851,264	577,914,456
TOTAL LIABILITIES AND NET ASSETS	\$790,073,056	\$655,475,334

See accompanying notes to financial statements.

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STONY BROOK UNIVERSITY COMPONENT UNITS STATEMENT OF ACTIVITIES

	FOR THE YEARS ENDING JUNE 30		2021	2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUES				
Contributions, gifts and grants	\$323,396	\$93,980,695	\$94,304,091	\$55,058,068
Food service	23,341,136		23,341,136	30,432,746
Other auxiliary services	3,113,116		3,113,116	4,354,555
Rental income	190,280	86,025	276,305	461,233
Sales and services	3,736,974	923,682	4,660,656	3,005,341
Investment income, net	28,375,904	66,010,033	94,385,937	6,123,466
Other sources	2,225,437	84,386	2,309,823	990,690
Net assets released from restrictions	48,101,349	(48,101,349)		
Total revenues	109,407,592	112,983,472	222,391,064	100,426,099
EXPENSES				
Food service	25,619,298		25,619,298	26,649,499
Other auxiliary services	1,414,977		1,414,977	1,813,732
Program expenses	13,844,301		13,844,301	16,126,176
Payments to State University: Scholarships and fellowships	10,174,222		10,174,222	4,598,709
Payments to State University: Other	26,595,645		26,595,645	15,623,652
Real estate expenses	238,300		238,300	
Management and general	6,265,106		6,265,106	7,595,729
Fundraising	3,294,407		3,294,407	4,028,332
Other expenses	8,000		8,000	
Total expenses	87,454,256		87,454,256	76,435,829
Change in net assets	21,953,336	112,983,472	134,936,808	23,990,270
Net assets at the beginning of year	83,279,665	494,634,791	577,914,456	553,924,186
NET ASSETS AT THE END OF YEAR	\$105,233,001	\$607,618,263	\$712,851,264	\$577,914,456

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Financial Presentation

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

Reporting Entity

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

The Research Foundation of State University of New York at Stony Brook (Research Foundation) is a separate not-for-profit educational corporation that operates as the fiscal administrator for the majority of the University's sponsored programs. The programs include research, training, and public service activities of the State-operated campuses supported by sponsored funds other than State appropriations. The activity of the Research Foundation has been included in these financial statements using GASB measurements and recognition standards. The financial activity was derived from audited financial statements of the Research Foundation for the year ended June 30, 2021 and 2020.

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, 2021 and 2020. 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 7 and 8 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, 2021 and 2020.

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.

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NOTES TO FINANCIAL STATEMENTS

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

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

Net investment in capital assets

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

Restricted - nonexpendable

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

Restricted - expendable

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

Unrestricted component of net position

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

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

Revenues

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

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

Residence halls	\$6,814
Other auxiliary	7,087

Deferred Outflows and Deferred Inflows of Resources

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

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NOTES TO FINANCIAL STATEMENTS

Compensated Absences

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

Inventories

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

Fringe Benefits

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

Tax Status

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

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

Use of Estimates

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

Reclassifications

Certain amounts displayed in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

2. CASH AND CASH EQUIVALENTS

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

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

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

The New York State Comprehensive Annual Financial Report contains the GASB No. 40 risk disclosures for deposits held in the State treasury. Deposits not held in the State treasury that are not covered by depository insurance and are: (a) uncollateralized were \$0 and (b) collateralized with securities held by a pledging financial institution were \$25.7 million at June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS WITH TRUSTEES

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

4. INVESTMENTS

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

Investments are comprised of investments of the Research Foundation. The Research Foundation maintains a diverse investment portfolio and follows an investment policy and asset guidelines approved and monitored by its board of directors. The portfolio is mainly comprised of mutual funds, exchange-traded funds and alternative investments of high quality and liquidity. Investments are held with the investment custodian in the Research Foundation's name. Investments at fiscal year end are \$209.9 million.

5. ACCOUNTS, NOTES AND LOANS RECEIVABLE

At June 30, 2021, accounts, notes and loans receivable are summarized as follows (in thousands):

	2021	2020
Tuition and fees	\$4,996	\$2,641
Allowance for uncollectible	(2,320)	(1,737)
Net tuition and fees	2,676	904
Room rent	1,183	815
Allowance for uncollectible	(361)	(350)
Net room rent	822	465
Patient fees, net of contractual allowances	882,843	687,861
Allowance for uncollectible	(382,709)	(215,164)
Net patient fees	500,134	472,697
Other, net	4,745	2,244
Total accounts receivable and notes receivable	508,377	476,310
Student loans	4,713	5,463
Allowance for uncollectible	(1,291)	(1,269)
Total student loans receivable	3,422	4,194
TOTAL, NET	\$511,799	\$480,504

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6. CAPITAL ASSETS

Capital assets, net of accumulated depreciation, totaled \$2.6 billion. Capital asset activity is reflected in the table below (in thousands). Retirements represent capital assets retired and assets transferred from construction in progress for projects completed and the related capital assets placed in service.

	JUNE 30 2019			JUNE 30 2020			JUNE 30 2021
	ADDITIONS	RETIREMENTS		ADDITIONS	RETIREMENTS		
Land	\$217,872	\$2,905	\$20	\$220,757	\$2,488		\$223,245
Infrastructure and land improvements	271,000	11,076	470	281,606	8,088		289,694
Buildings	2,674,715	119,260	819	2,793,156	154,315	2,457	2,945,014
Equipment, library books and artwork	708,855	38,984	3,935	743,904	17,414	(910)	762,228
Construction in progress	198,531	118,183	108,906	207,808	78,633	103,357	183,084
Total Capital Assets	4,070,973	290,408	114,150	4,247,231	260,938	104,904	4,403,265
Less: accumulated depreciation:							
Infrastructure and land improvements	103,490	12,251	280	115,461	13,026		128,487
Buildings	935,569	73,776	1,089	1,008,256	82,377	535	1,090,098
Equipment, library books and artwork	550,986	40,766	3,860	587,892	38,798	1,077	625,613
Total accumulated depreciation	1,590,045	126,793	5,229	1,711,609	134,201	1,612	1,844,198
CAPITAL ASSETS, NET	\$2,480,928	\$163,615	\$108,921	\$2,535,622	\$126,737	\$103,292	\$2,559,067

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, 2021, other than facilities obligations, which are included as of March 31, 2021, total obligations are summarized in the table on the following page (in thousands).

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NOTES TO FINANCIAL STATEMENTS

	JUNE 30 2019			JUNE 30 2020			JUNE 30 2021	CURRENT PORTION
	ADDITIONS	RETIREMENTS		ADDITIONS	RETIREMENTS			
Long-term debt:								
Educational Facilities	\$1,327,872	\$130,668	\$27,514	\$1,431,026		\$86,774	\$1,344,252	\$50,986
Residence Hall Facilities	329,379	46,052	11,491	363,940	27,692	13,452	378,180	
Capital Leases	67,047	16,929	14,336	69,640	53,979	14,372	109,247	8,691
Southampton Hospital	49,491	4,445	4,964	48,972	872	7,138	42,706	4,759
Eastern Long Island Hospital		17,075	631	16,444		1,310	15,134	1,370
Other long-term debt -Gyrodyne	18,200		1,600	16,600		1,600	15,000	1,600
Other long-term debt -SUNY 2020	15,639	1,360	759	16,240		1,207	15,033	769
Total long-term debt	1,807,628	216,529	61,295	1,962,862	82,543	125,853	1,919,552	68,175
Other long-term liabilities:								
Post-employment & post-retirement	95,260	40,099	44,400	90,959	60,096	51,441	99,614	60,299
Loan from State	11,454	201		11,655	14		11,669	11,669
Litigation	233,830	56,020	18,020	271,830		34,519	237,311	7,090
Pensions	111,908	311,534	48,376	375,066	27,246	387,007	15,305	3,615
Other	2,053	71		2,124	2,624		4,748	
Total other long-term liabilities	454,505	407,925	110,796	751,634	89,980	472,967	368,647	82,673
TOTAL LONG-TERM LIABILITIES	\$2,262,133	\$624,454	\$172,091	\$2,714,496	\$172,523	\$598,820	\$2,288,199	\$150,848

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.

Residence Hall Facilities

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

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

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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, 2021, was \$11.7 million.

8. RETIREMENT

Retirement Benefits

There are three major retirement plans for University state employees: The New York State and Local Employees' Retirement System (ERS), The New York State and Local Police and Fire Retirement System (PFRS), and the New York State Teacher's Retirement System (TRS). ERS and PFRS are cost-sharing, multiple-employer, defined benefit public plans administered by the State Comptroller. TRS is a cost-sharing, multiple-employer, defined benefit public plan separately administered by a ten member board. Substantially all full-time employees participate in the plans. The State University of New York (SUNY) is responsible for the net pension liability for employees of the University, except for the hospital's net pension liability.

Obligations of employers and employees to contribute, and related benefits, are governed by the New York State Retirement and Social Security Law (NYSRSSL) and Education Law and may only be amended by the Legislature with the Governor's approval. These plans offer a wide range of programs and benefits. ERS, PFRS and TRS benefits vary based on date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. Each plan provides a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to these plans on an actuarially determined rate. For ERS and PFRS this rate is determined annually by the State Comptroller.

ERS, PFRS and TRS provide retirement benefits as well as death and disability benefits. Benefits generally vest after five years of credited service, or after ten years of service for those joining after January 1, 2010 or January 9, 2010 (PFRS). The NYSRSSL provides that all participants in ERS, PFRS and TRS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined after July 27, 1976 and before January 1, 2010 (January 9, 2010 PFRS), and have less than ten years of service or membership are required to contribute 3 percent of their salary. Those joining on or after January 1, 2010 (January 9, 2010 PFRS) and before April 1, 2012 are required to contribute 3.5 percent of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted on a current basis to ERS, PFRS and TRS.

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ERS and PFRS - Hospital

The University recognized a net pension liability for the hospital's proportionate share of the ERS and PFRS net pension liabilities at June 30, 2021 of \$1.4 million and \$295.8 thousand. The net pension liability at June 30, 2021 was measured as of March 31, 2021, and was determined by an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. For the fiscal ended June 30, 2021 the University recognized pension expense related to ERS and PFRS of \$27.2 million and \$94.7 thousand, respectively. The total contributions made to the ERS and PFRS, during 2021 were \$48.9 million and \$122.9 thousand, respectively. At June 30, 2021 the University reported deferred outflows and deferred inflows of resources related to ERS and PFRS from the following sources (in thousands):

YEARS ENDING JUNE 30, 2021	ERS		PFRS	
	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES
Difference between expected and actual experience	\$16,738		\$66	
Changes of assumptions	251,996	4,753	727	
Net difference between projected and actual earnings on pension plan investments		393,696		870
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,235	14,832	40	225
TOTAL	\$274,969	\$413,281	\$832	\$1,095

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

YEARS ENDING JUNE 30	ERS	PFRS
2022	(\$27,048)	(\$101)
2023	(11,322)	(53)
2024	(23,208)	(58)
2025	(76,733)	(180)
2026		129
TOTAL	(\$138,311)	(\$263)

The ERS plan allows participating employers to amortize a portion of their annual pension costs. The amounts amortized will be paid back with interest over 10 years. The University participates in this program and the total pension payable included in long-term liabilities at June 30, 2021 is \$13.6 million.

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ORP

University employees may also participate in an Optional Retirement Program (ORP) under IRS Section 401(a) which is a multiple-employer, defined contribution plan administered by separate vendors – TIAA, Fidelity, VALIC, and VOYA. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3 percent of their salary. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employer contributions range from 8 percent to 15 percent depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP.

The Research Foundation maintains a separate non-contributory plan through TIAA for substantially all of its nonstudent employees. Employees become fully vested in contributions made by the Research Foundation after one year of service, which are allocated to individual employee accounts. Employer contributions are based on a percentage of regular salary and range from 7 percent to 15 percent, depending on date of hire.

Post-Employment and Post-Retirement Benefits

The State, on behalf of the University, provides health insurance coverage for eligible retired University state employees and their survivors through the New York State Health Insurance Plan (NYSHIP). NYSHIP offers comprehensive benefits through various providers consisting of hospital, medical, mental health, substance abuse and prescription drug programs. The State administers NYSHIP and has the authority under Article xl of Civil Service Law to establish and amend the benefit provisions offered. NYSHIP is considered a single employer defined benefit plan offered by the State to its participants. Prior to July 1, 2018, the University, as a participant in the plan, recognized the other post-employment benefit (OPEB) expenses on an accrual basis. In 2018, SUNY collectively with the University's approval, removed OPEB costs from the University's financial statements which resulted in restatements of the net position at 7/1/2018.

Research Foundation Post-Employment and Post-Retirement Benefits

The Research Foundation sponsors a separate single employer defined benefit post-retirement plan (Plan) that covers substantially all non-student employees. The plan provides post-retirement medical benefits and is contributory for employees hired after 1985.

In fiscal years 2011 and 2013, the Research Foundation amended the plan to increase the participant contribution rates for those hired after 1985 with the specific rates to be determined based on an employee's years of service.

Contributions by the Research Foundation are made pursuant to a funding policy established by its Board of Directors. Assets are held in a Voluntary Employee Benefit Association (VEBA) trust and are considered plan assets in determining the funded status or funding progress of the plan under GASB reporting and measurement standards.

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The Research Foundation's net OPEB asset was \$22.5 million for the fiscal year ended June 30, 2021. The Research Foundation's net OPEB asset at June 30, 2021 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020, with update procedures used to roll-forward the net OPEB liability to June 30, 2021. For fiscal year ended June 30, 2021, the Research Foundation recognized pension expense of -\$553 thousand and reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

YEARS ENDING JUNE 30, 2021	RESEARCH FOUNDATION OPEB	
	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES
Difference between expected and actual expense	\$3,666	\$4,257
Changes of assumptions	3,020	14,410
Employer contributions subsequent to measurement date		11,934
TOTAL	\$6,686	\$30,601

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

YEARS ENDING JUNE 30	
2020	(\$9,732)
2021	(6,043)
2022	(5,014)
2023	(3,127)
TOTAL	(\$23,916)

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 \$6.5 million. The following is a summary of the future minimum rental commitments under non-cancelable real property and equipment leases with terms exceeding one year (in thousands).

YEARS ENDING JUNE 30	
2022	\$6,518
2023	5,084
2024	4,790
2025	3,513
2026	3,019
2027-31	6,031
TOTAL	\$28,955

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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 \$237 million at June 30, 2021.

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

11. RELATED PARTIES

The University's single largest source of revenue is State appropriations. State appropriations take the form of direct assistance, debt service on educational facility, fringe benefits for State employees, and litigation expenses for which the State is responsible. State appropriations totaled \$467 million and \$524 million and represented approximately 15.3 percent and 17.2 percent of total revenues for the 2021 and 2020 fiscal years, respectively. The University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

12. FEDERAL GRANTS AND CONTRACTS AND THIRD-PARTY REIMBURSEMENT

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

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

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13. CONDENSED FINANCIAL STATEMENT INFORMATION OF THE RESEARCH FOUNDATION

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

RESEARCH FOUNDATION CONDENSED BALANCE SHEET	2021	2020
ASSETS		
Current assets	\$223,292	\$176,496
Capital assets	7,226	8,781
Other assets	42,812	24,823
Total assets	273,330	210,099
LIABILITIES		
Current liabilities	87,384	66,822
Noncurrent liabilities	25,193	56,100
Total liabilities	112,577	122,922
NET POSITION		
Invested in capital assets, net	7,226	87,177
Without donor restrictions	153,527	
Total net position	160,753	87,177
TOTAL LIABILITIES AND NET POSITION	\$273,330	\$210,099

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

OPERATING REVENUES		
Federal grants and contracts	\$158,869	\$155,773
State grants and contracts	5,973	16,094
Private grants and contracts	18,223	20,566
Other operating revenues	44,049	24,364
Total operating revenues	227,114	216,797
EXPENSES		
Instruction	12,577	16,338
Research	110,496	115,884
Public service	12,585	15,954
Institutional support	35,831	34,464
Other operating expenses	7,176	5,840
Depreciation and amortization expense	1,804	1,941
Total operating expenses	180,469	190,421
Operating Income	46,645	26,376
Net nonoperating revenues/(expenses)	26,931	(14,621)
Increase in net position	73,576	11,755
Net position at the beginning of year	87,177	75,422
NET POSITION AT THE END OF YEAR	\$160,753	\$87,177

RESEARCH FOUNDATION CONDENSED STATEMENT OF CASH FLOWS

Cash flows used by operating activities	(1,741)	(4,054)
Cash flows used by capital and related financing activities		62
Cash flows from investing activities	3,339	4,498
Net change in cash	1,598	506
Cash - beginning of year	2,261	1,755
CASH - END OF YEAR	\$3,859	\$2,261

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14. SUBSEQUENT EVENTS

During October 2021, the State issued Sales Tax Revenue Bonds with a par amount of \$500 million for the purpose of financing capital construction and major rehabilitation for educational facilities. Stony Brook's share of these obligations cannot be estimated at this time.

15. COMPONENT UNITS

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

These organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for these organizations were derived from each entity's individual audited financial statements, reported in accordance with generally accepted accounting principles promulgated by FASB, as of June 30, 2021.

Net Asset Classifications

Net assets without donor restrictions represent resources whose uses are not restricted by donor-imposed stipulations and are generally available for the support of the University campus and affiliated entity programs and activities. Net assets with donor restrictions represent resources whose use is subjected to donor-imposed stipulations. Some of these restrictions are temporary in nature, such as those that will be met with the passage of time or are removed by specific actions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income derived from net assets with donor restrictions that is permanent in nature is permitted to be spent in part or in whole, restricted only by the donor's wishes.

Investments

All investments with readily determinable fair values have been reported in the financial statements at fair value. Realized and unrealized gains and losses are recognized in the statement of activities. Gains or losses on investments are recognized as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law. Investments of the University discretely presented component units were \$520 million as of June 30, 2021.

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 \$31.2 million as of June 30, 2021. Capital asset classifications are summarized as follows (in thousands):

Land and land improvements	\$1,456
Buildings	36,749
Equipment	9,972
Artwork and library books	6,979
Construction in progress	11
Total capital assets	55,167
Less accumulated depreciation	23,924
CAPITAL ASSETS, NET	\$31,243

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NOTES TO FINANCIAL STATEMENTS

Condensed Financial Statement Information

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

COMBINED BALANCE SHEETS	FOR THE YEAR ENDING JUNE 30, 2021			FOR THE YEAR ENDING JUNE 30, 2020		
	FOUNDATION	FSA	TOTAL	FOUNDATION	FSA	TOTAL
ASSETS						
Investments	\$506,628	\$13,397	\$520,025	\$393,890	\$11,763	\$405,653
Capital assets, net	11,388	19,854	31,242	11,173	21,673	32,846
Other assets	214,920	23,886	238,806	186,724	30,252	216,976
Total assets	732,936	57,137	790,073	591,788	63,688	655,475
LIABILITIES						
Other liabilities	60,353	16,869	77,222	55,123	20,718	75,840
Long-term debt/other				1,488	233	1,721
Total liabilities	60,353	16,869	77,222	56,610	20,951	77,561
NET ASSETS						
Net assets without donor restrictions	64,965	40,268	105,233	40,542	42,737	83,280
Net assets with donor restrictions	607,618		607,618	494,635		494,635
Total net assets	672,583	40,268	712,851	535,177	42,737	577,914
TOTAL LIABILITIES AND NET ASSETS	732,936	57,137	790,073	591,788	63,688	655,475
COMBINED STATEMENT OF ACTIVITIES						
REVENUES						
Contributions, gifts and grants	94,304		94,304	55,058		55,058
Food and auxiliary services		26,454	26,454		34,787	34,787
Other revenue	97,782	3,851	101,633	9,478	1,104	10,582
Total revenue	192,086	30,305	222,391	64,536	35,890	100,427
EXPENSES						
Food and auxiliary services		27,034	27,034		28,463	28,463
Program expenses	13,844		13,844	16,126		16,126
Other expenses	40,836	5,740	46,576	25,135	6,711	31,847
Total expenses	54,680	32,774	87,454	41,261	35,175	76,436
Total change in net assets	137,406	(2,469)	134,937	23,275	716	23,990
Net assets at the beginning of year	535,177	42,737	577,914	511,902	42,022	553,924
NET ASSETS AT THE END OF YEAR	\$672,583	\$40,268	\$712,851	\$535,177	\$42,737	\$577,914

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NOTES TO FINANCIAL STATEMENTS

Expenses are presented by functional classification in accordance with the overall service missions of the component units. Each functional classification displays all expenses related to the underlying operations by natural classification. Expenses by functional classification for the year ended June 30, 2021 consist of the following (in thousands):

FUNCTIONAL EXPENSES	FOOD SERVICE	OTHER AUXILIARY SERVICES	CAMPUS PROGRAMS	REAL ESTATE	MANAGEMENT AND GENERAL	FUNDRAISING	2021 TOTAL
EXPENSES							
Salaries and wages	\$9,291	\$594	\$3,917		\$3,549	\$1,612	\$18,963
Employee benefits	4,412	218	1,047		1,140	661	7,478
Cost of goods sold	5,107	111					5,218
Supplies and materials	956		1,234		184	168	2,542
Printing and postage	1	2	274		8	200	485
Travel and conferences			198		7	13	218
Rent and equipment	103	282	2,105		173	3	2,666
Repairs, maintenance and improvements	620		646		98	3	1,367
Insurance	134		68		288		490
Utilities	1,296	163	86		11		1,556
Professional and service fees	1,178	7	3,725		476	325	5,711
Depreciation expense	2,081	77		238	118		2,514
Interest expense			1				1
Activity and program support	43						43
Other expenses	397	(39)	543		221	310	1,432
Expenses	25,619	1,415	13,844	238	6,273	3,295	50,684
Support to the University							
Campus support - scholarships and fellowships							10,174
Campus support - other							26,596
TOTAL EXPENSES							\$87,454



Stony Brook
University