

**THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK**

Financial Statements

June 30, 2023 and 2022

(With Report of Independent Certified Public Accountants Thereon)

**THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK**

June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
The Research Foundation for The State University of New York

Opinion

We have audited the financial statements of The Research Foundation for The State University of New York (the Foundation), which comprise the balance sheet as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Notes 2 and 8 to the financial statements in 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Other matter

The financial statements of the Foundation as of and for the year ended June 30, 2022 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated October 7, 2022.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
September 29, 2023

**THE RESEARCH FOUNDATION FOR
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Balance Sheets

June 30, 2023 and June 30, 2022

Assets	6/30/23	6/30/22
Current Assets:		
Cash and cash equivalents	\$ 129,100	19,509,203
Accounts receivable, net	223,015,006	190,387,098
Advances to others	22,651,944	19,271,951
Investments	474,596,119	523,589,836
Due from broker for securities sold	43,401,516	7,500,004
Other current assets	472,675	1,100,307
Total current assets	764,266,360	761,358,399
Noncurrent Assets:		
Investments	178,085,431	134,428,683
Fixed assets, net	467,610,275	525,464,494
Right to use asset related to operating leases, net	104,358,103	-
Intangible assets, net	5,202,577	7,232,548
Other noncurrent assets	8,704,109	8,284,255
Total noncurrent assets	763,960,495	675,409,980
Total assets	\$ 1,528,226,855	1,436,768,379
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 146,191,530	158,544,195
Deferred revenue	222,435,911	267,392,230
Deposits held for others	40,085,368	41,808,386
Due to broker for securities purchased	10,290,539	-
Current portion of operating lease obligations	9,161,482	-
Current portion of finance lease obligations	23,664,522	21,803,357
Current portion of long-term debt	1,035,714	1,030,714
Line of credit	1,570,000	9,500,000
Total current liabilities	454,435,066	500,078,882
Noncurrent Liabilities:		
Post-retirement benefit obligation	4,126,500	18,975,231
Operating lease obligations, net of current portion	95,339,831	-
Finance lease obligations, net of current portion	134,114,037	157,778,559
Long-term debt, net of current portion	3,259,286	4,295,000
Other liabilities	8,812,714	8,537,610
Total noncurrent liabilities	245,652,368	189,586,400
Total liabilities	700,087,434	689,665,282
Net assets:		
Without donor restrictions	797,197,175	726,689,959
With donor restrictions	30,942,246	20,413,138
Total net assets	828,139,421	747,103,097
Total liabilities and net assets	\$ 1,528,226,855	1,436,768,379

The accompanying notes are an integral part of these financial statements.

**THE RESEARCH FOUNDATION FOR
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Statements of Activities

Period ended June 30, 2023 with summarized totals for 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue:				
Grants for research and other sponsored activities:				
Federal	\$ 392,046,356	10,000,000	402,046,356	353,210,640
Federal flow through New York State	109,771,178	-	109,771,178	119,765,947
Private and other	103,967,007	-	103,967,007	178,362,186
	349,172,031	-	349,172,031	281,487,105
Total grants for research and other sponsored activities	954,956,572	10,000,000	964,956,572	932,825,878
Indirect cost recoveries:				
Federal	122,256,776	-	122,256,776	107,030,287
Federal flow through New York State	29,179,538	-	29,179,538	27,396,687
Private and other	8,983,726	-	8,983,726	7,950,470
	23,221,452	-	23,221,452	20,256,164
Total indirect cost recoveries	183,641,492	-	183,641,492	162,633,608
Other research-related income:				
Inventions and licenses income	4,972,189	-	4,972,189	16,775,971
Third party service center	7,747,009	-	7,747,009	6,058,975
Agency fees	6,969,783	-	6,969,783	6,547,825
Institutional support funding	15,095,543	-	15,095,543	37,893,174
Other	1,432,093	-	1,432,093	1,445,940
Total other research-related income	36,216,617	-	36,216,617	68,721,885
Investment income (loss), net	36,806,140	1,160,725	37,966,865	(44,389,301)
Net assets released from restrictions	631,617	(631,617)	-	-
Total revenue	1,212,252,438	10,529,108	1,222,781,546	1,119,792,070
Expenses:				
Sponsored programs and other activities	954,381,752	-	954,381,752	921,627,738
Indirect administrative and support expenses	179,331,063	-	179,331,063	141,691,029
Other research-related expenses	28,502,870	-	28,502,870	30,083,207
Total expenses	1,162,215,685	-	1,162,215,685	1,093,401,974
Change in net assets from revenue and expenses	50,036,753	10,529,108	60,565,861	26,390,096
Changes in net assets related to postretirement other than net benefit cost	(16,952,209)	-	(16,952,209)	18,268,001
Changes in net assets related to postretirement net benefit cost except service cost	37,422,672	-	37,422,672	37,041,127
Change in net assets	70,507,216	10,529,108	81,036,324	81,699,224
Net assets at beginning of year	726,689,959	20,413,138	747,103,097	665,403,873
Net assets at end of year	\$ 797,197,175	30,942,246	828,139,421	747,103,097

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Federal grants and contracts	\$ 630,791,101	593,969,165
State and local grants and contracts	72,911,727	189,131,298
Private gifts and grants	332,495,923	310,663,127
Other receipts	231,807,490	239,346,330
Salaries and wages payments	(485,800,412)	(432,594,661)
Employee benefits payments	(157,864,138)	(152,014,230)
Payments to suppliers and vendors	(500,104,259)	(487,156,444)
Operating interest and dividends	7,978,576	5,556,249
Distribution from BSA partnership	2,650,924	2,223,902
Interest payments on capital debt and notes	(14,367,363)	(16,136,109)
Other payments	(118,663,526)	(109,421,413)
Net cash provided by operating activities	1,836,043	143,567,214
Cash flows from investing activities:		
Proceeds from sales of investments	278,051,819	46,631,206
Purchases of investments	(274,441,080)	(132,217,565)
Proceeds from sales of fixed assets	-	2,500
Cash paid for purchases of fixed and intangible assets	(31,927,701)	(71,807,185)
Net cash used in investing activities	(28,316,962)	(157,391,044)
Cash flows from financing activities:		
Principal payments on long-term debt and capital lease obligations	(22,834,071)	(21,109,285)
Proceeds from line of credit	5,570,000	20,375,393
Payments on line of credit	(13,500,000)	(25,735,393)
Net cash used in financing activities	(30,764,071)	(26,469,285)
Net decrease in cash and cash equivalents	(57,244,990)	(40,293,115)
Cash and cash equivalents, beginning of year	118,817,104	159,110,219
Cash and cash equivalents, end of year	\$ 61,572,114	118,817,104

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

June 30, 2023 and 2022

(1) Organization

The Research Foundation for The State University of New York (RF) is the largest comprehensive university-connected research foundation in the country. It provides essential administrative services that enable State University of New York (SUNY) faculty to focus their efforts on educating students and performing life-changing research across a wide range of disciplines including Artificial Intelligence, Clean Energy, Biotechnology, Longevity, Substance Addiction, Nextgen Quantum Computing, Environmental Health, and Resiliency. The RF works with the academic and business leadership of SUNY campuses to facilitate research and discovery by administering sponsored projects and delivering intellectual property and technology transfer services that fuel innovation and move ideas and inventions to the marketplace.

The RF comprises a central office and operating units at 30 state-operated campuses across New York State and is governed by a board of directors. The RF was chartered in 1951 by the New York State Board of Regents as a nonprofit education corporation.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements of the RF are presented consistent with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the RF's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of liabilities and net assets and disclosures of contingencies as of the dates of the financial statements and the reported amounts of change in net assets during the reporting periods. The most significant areas which are affected by the use of estimates include allowances for doubtful receivables, commitments and contingencies, useful lives and valuation of long-lived assets, discount rates used in the right of use (ROU) assets and liabilities related to operating leases, investment valuations, and certain actuarial assumptions that affect the postretirement benefit obligation. Actual results could differ from those estimates and the differences between estimates and actual results could be significant.

(c) Net Asset Classes

The accompanying financial statements present information regarding the RF's balance sheet and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions: net assets are not subject to donor stipulations restricting their use but may be designated for specific purposes by the RF or may be limited by contractual agreements with outside parties.

With donor restrictions: net assets are subject to donor stipulations that expire with the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

The RF has three \$10 million term endowment grants from the National Institute on Minority Health and Health Disparities (NIMHD), two of which were fully collected by the RF. The third endowment grant was awarded in June 2023 and scheduled to be received in \$2.0 million increments over the first five year-periods of the grant. As of June 30, 2023, \$10.0 million is included in account receivables for this

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grant. The endowments are invested on behalf of the RF by the University at Albany Foundation (UAF) and the Health Science Center at Brooklyn Foundation, Inc. (HSCBF) under long-term service agreements. As of June 30, 2023 and 2022, the net asset balance of the funds were \$30.9 million and \$20.4 million, respectively. Under these grants, the endowment returns are to be used to facilitate minority health and health disparities research.

Aside from the NIMHD endowment balances, the RFs net assets have no other donor-imposed restrictions.

(d) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. It requires lessees to recognize assets and liabilities in the statement of financial position for the rights and obligations created by leases. The liability is equal to the present value of the lease payments. The asset is based on the liability, subject to adjustment, such as for initial direct costs and uneven rent payments. For the purposes of the statements of activities and cash flows, the standard requires leases to be classified as either operating or finance. Operating leases result in straight-line expense (similar to operating leases prior to adoption of this standard) while finance leases result in a front-loaded expense pattern (similar to capital leases prior to adoption of this standard).

RF adopted Topic 842 on July 1, 2022, using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. RF elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. RF has lease agreements with non-lease components that relate to the lease components. The RF elected the practical expedient to account for non-lease components and the lease components to which they relate as a single lease component for all leases. RF did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

This standard provided organizations with an optional transition method that allowed entities to prospectively apply the requirements by recognizing a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$104.5 million as of the adoption date July 1, 2022, while the accounting for existing finance leases remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. More information on the adoption, including qualitative and quantitative disclosures, is included in Note 8.

(e) Revenue Recognition

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The RF has elected the simultaneous release policy, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. The RF recognizes reimbursement of facilities and administrative costs relating to government and other contracts and grants at authorized rates each year. Although not a condition or barrier to revenue recognition, all funds expended in connection with government grants and contracts are subject to audit by granting agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on the RF's financial position. Amounts received in excess of revenue recognized are recorded as deferred

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revenue. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$1,138.6 million and \$1,090.9 million for the years ended June 30, 2023 and 2022, respectively. Payments received from sponsors in advance of conditions being met are reported as deferred revenue, which totaled \$218.7 million and \$241.0 million as of June 30, 2023 and 2022, respectively.

Contributions, including unconditional promises to give, are recognized upon receipt at fair value. Contributions other than cash are recorded at fair value at the date of contribution. Contributions with donor-imposed restrictions are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expenditure is incurred that satisfies the restriction or the designated time elapses.

Investment income or loss includes dividends and interest, realized and unrealized gains and losses, and earnings from the RF's share in the Brookhaven Science Associates partnership (see note 4(c)). Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis of accounting. The average original purchase price of securities is used to determine the basis for computing realized and unrealized gains or losses.

Inventions and licenses income consists of royalties earned from licenses and is recognized on the accrual basis. The income is distributed based on SUNY's Patents and Inventions Policy which governs the apportionment of income to inventors and campuses. Campus expenditures of their shares of the income (which fall under the provisions of the Bayh-Dole Act), and inventors' shares are reflected in the RF's inventions and licenses expenses.

Other research-related income is recognized on the accrual basis and primarily consists of third-party service center revenue, nonsponsored income from activities such as proceeds from the sale of equipment, and fees earned for administering human resources, payroll, purchasing and payables services to university-related organizations, such as foundations or clinical practice plans.

(f) Cash Equivalents

For purposes of balance sheet presentation, cash equivalents include short-term, highly liquid investments with an original maturity of three months or less at the time of purchase, exclusive of amounts classified as noncurrent investments. Cash equivalents are stated at fair value and are considered a Level 1 financial asset as defined in note 4.

In accordance with ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, cash equivalents classified as current investments are included as cash and cash equivalents for the purposes of the statement of cash flows. The following table provides a reconciliation of cash and cash equivalents as reported in the balance sheets to cash and cash equivalents reported in the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 129,100	19,509,203
Current investments (see note 4)	61,443,014	99,307,901
Total cash and cash equivalents shown in the statements of cash flows:	<u>\$ 61,572,114</u>	<u>118,817,104</u>

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Notes to Financial Statements

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(g) Accounts Receivable

Accounts receivable includes:

- (1) Deficit balances from sponsored program activity that result when spending occurs in advance of when funds are received;
- (2) Deficit balances from service centers that are established and maintained to provide a specific service to sponsored programs and other users, recognized as rates are periodically adjusted to reflect actual expenses of those centers; and
- (3) Amounts billed and due from external sources of funding for other research-related income.

Accounts receivable is reported net of an allowance for doubtful accounts. The RF's allowance for doubtful accounts as of June 30, 2023 and 2022 was \$19.6 million and \$17.4 million, respectively.

Accounts receivable, net of the allowance for doubtful accounts, is summarized as follows as of June 30:

	2023	2022
Accounts receivable:		
Federal	\$ 75,527,949	57,903,697
Federal flow through	53,644,780	39,515,795
New York State	62,701,766	67,540,684
Private and other	31,140,511	25,426,922
	\$ 223,015,006	190,387,098

(h) Investments

Investments are reported at fair value, which is generally the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Certain investments in limited liability partnerships and corporations are measured at net asset value or its equivalent as a practical expedient to estimating fair value.

(i) Fixed and Intangible Assets

Fixed and intangible assets are stated at cost, net of accumulated depreciation and amortization, and are depreciated on a straight-line basis over the estimated useful lives of the assets. Using historical and industry experience, estimated useful lives, with the exception of land, range from five to 50 years. The RF monitors its long-lived assets for impairment. If an indication of impairment is identified, the RF would perform the required analysis and, if applicable, it would record impairment charges.

Upon sale or retirement of capitalized assets, both the cost and the related accumulated depreciation and amortization are removed from the accounts and a gain or loss is recorded. Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$91.4 million and \$84.1 million, respectively.

The title to equipment purchased using sponsored funds is generally retained by the grantor institution until such time final disposition is determined. Accordingly, purchases of equipment charged to the respective grant or contract are not capitalized, except for equipment or infrastructure purchased under a sponsored program for the purpose of economic development and for which title is retained by the RF.

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(j) Leases

The RF analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease. For operating leases, ROU assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. For finance leases, the RF initially records the assets and lease liabilities at the present value of the minimum lease payments. When the RF's leases do not provide an implicit interest rate, the RF uses its incremental borrowing rate in effect at the commencement date of the lease agreement in determining the present value of lease payments. The RF elects to apply the short-term lease recognition and measurement exemption for all leases with terms of 12 months or less.

The portion of payments on operating lease liabilities related to interest, along with the amortization of the related right-of-use assets, is recognized as occupancy expense. This occupancy expense is recognized on a straight-line basis over the term of the lease. The portion of the payments on finance lease liabilities related to interest is recognized as interest expense. The amortization of the right-of-use assets under finance leases is recognized as depreciation and amortization expense.

(k) Deferred Revenue

Deferred revenue includes:

- (1) Surplus balances from sponsored program activity that result when funds are received in advance of spending, recognized into revenue under the terms of the sponsored program; and
- (2) Surplus balances from service centers that are established and maintained to provide a specific service to sponsored programs and other users, recognized as rates are periodically adjusted to reflect actual expenses of those centers.

(l) Accrued Leave

RF employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation up to a maximum of 30 days. Employees are not reimbursed for accumulated sick leave at termination; however, upon retirement up to 200 days of accumulated sick leave is considered in the computation of retirement benefits. Included in the leave accrual is an accrual for the net obligation under the sick leave benefit amounting to \$3.0 million as of June 30, 2023 and \$2.9 million as of June 30, 2022.

(m) Postretirement Benefit Obligation

The RF has a defined medical benefit postretirement plan covering substantially all of its nonstudent eligible employees upon their retirement. The RF's postretirement obligations are based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return on plan assets, compensation increases, turnover rates, and healthcare cost trend rates. The RF reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other changes to net assets and amortized to net periodic cost over future periods using the 10% corridor method. The net periodic costs are recognized as employees render the services necessary to earn the postretirement benefits.

The RF maintains a Voluntary Employee Benefit Association (VEBA) trust for the postretirement benefit plan. The assets held in the VEBA trust reduce the accumulated postretirement benefit obligation, as reported on the accompanying balance sheets.

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(n) Fair Value of Financial Instruments

The carrying amounts of accounts receivable, other current assets, accounts payable and accrued expenses, and deposits held for others approximate fair value due to the short duration of these financial instruments. See notes 4 and 5 for additional information regarding fair value considerations with respect to investments, deferred compensation assets and interest rate swap on outstanding bonds.

(o) Tax Status

The RF is a not-for-profit corporation and has been determined by the Internal Revenue Service to be an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The RF recognizes the effects of income tax positions only if those positions are more likely than not to be sustained.

Management has determined there are no uncertain tax positions as of June 30, 2023 and 2022. The RF is subject to routine audits by taxing jurisdictions and believes that it is no longer subject to income tax examinations for years prior to the year ended June 30, 2019.

(p) Other Information

Advances to others and deposits held for others represent amounts related to agency activity at the campus and affiliated organization locations.

Various SUNY employees perform work on RF sponsored grants. SUNY pays these employees directly, and is reimbursed by the RF monthly. The related amounts due to SUNY are included in accrued compensation and consist of both a known and estimated component. The total liability to SUNY at June 30, 2023 and 2022 is approximately \$8.0 million and \$13.2 million, respectively.

(q) Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.

(3) Liquidity and Availability

As of June 30, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

	2023	2022
Cash and cash equivalents	\$ 129,100	19,509,203
Accounts receivable, net	213,015,006	190,387,098
Investments	474,596,119	523,589,836
Due from broker for securities sold	43,401,516	7,500,004
Total financial assets available within one year	<u>\$ 731,141,741</u>	<u>740,986,141</u>

The RF's annual cash flows are dependent on spending, billing and collections on thousands of individual sponsored awards across 30 campus locations. Cash-basis direct sponsored program spending, including capital equipment purchases, aggregated \$933.6 million and \$932.6 million during the years ended June 30, 2023 and 2022, respectively.

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To help manage liquidity, the RF's investment policy ensures the RF has access to funds, as needed, during the year through allocations to readily redeemable cash equivalent funds, mutual funds, and exchange traded funds (see note 4). Additionally, the RF maintains lines of credit of \$65.0 million, of which \$63.4 million is available to draw as of June 30, 2023, (see note 11) that are drawn upon as needed during the year to manage cash flow.

(4) Fair Value Measurements

Except for investments reported at net asset value (NAV) or its equivalent as a practical expedient to estimate fair value, fair value is measured using three levels as described below:

Level 1: Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that are assessable at the measurement date.

Level 2: Inputs are other than quoted prices in active markets that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Inputs used in valuation are unobservable.

The following is a description of the valuation methodologies used for investments measured at fair value:

Mutual funds and exchange traded funds are reported at current quoted fair values as of the balance sheet date.

Investments in limited liability partnerships and corporations represent investments measured at NAV or its equivalent and consist of a diversified portfolio of hedge funds of funds, real estate, domestic and foreign equity funds, fixed income securities and private equity funds in various investment vehicles. These investments, which are not exchange traded, do not have readily determinable fair values. These investments are typically redeemable at NAV under the terms of the investment agreements. Estimates of fair value that are made using NAV per share or its equivalent as a practical expedient are not categorized in the fair value hierarchy.

Investments in pooled endowment portfolios are reported at the NAV of the RF's interest in the portfolios as a practical expedient to estimate fair value. The pooled endowments use diversified investment approaches incorporating multiple asset classes, strategies and managers, including alternative investment funds involving hedged and private equity strategies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the RF believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a materially different fair value measurement at the reporting dates.

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The following tables summarize, as of June 30, 2023 and 2022, the RF's investments as well as the liquidity redemption and notification provisions:

	2023				Redemption frequency	Days notice
	Total	Level 1	Level 2	Level 3		
Investments:						
Cash equivalents	\$ 61,443,014	61,443,014	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	70,161,710	70,161,710	—	—	Daily	1 to 2
U.S. equities	49,414,287	49,414,287	—	—	Daily	1
Foreign equities	25,770,161	25,770,161	—	—	Daily/Monthly	1 to 15
Global equities	17,900,848	17,900,848	—	—	Daily	2
Real estate	42,650,278	42,650,278	—	—	Daily	1
U.S. equities	51,450	51,450	—	—	Daily	4
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	79,633,489	—	—	—	Monthly/Quarterly	45 to 95
Credit securities	3,029,507	—	—	—	Monthly/Quarterly	45
Global equities	117,309,086	—	—	—	Mthly/Qtrly/Annly	30 to 90
Hedged equities	72,030,967	—	—	—	Quarterly	90
Private equity	89,161,904	—	—	—	See (a) below	N/A
Pooled endow ments	20,942,246	—	—	—	See (b) below	N/A
Total investments at fair value	649,498,947	267,391,748	—	—		
Investment in BSA partnership	3,182,603	—	—	—	See (c) below	N/A
Total investments	\$ 652,681,550	267,391,748	—	—		

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	2022				Redemption frequency	Days notice
	Total	Level 1	Level 2	Level 3		
Investments:						
Cash equivalents	\$ 99,307,901	99,307,901	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	61,629,938	61,629,938	—	—	Daily	1
U.S. equities	64,066,144	64,066,144	—	—	Daily	1
Foreign equities	18,917,122	18,917,122	—	—	Daily/Monthly	1 to 15
Real estate	34,142,352	34,142,352	—	—	Daily	1
U.S. equities	63,755	63,755	—	—	Daily	4
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	83,310,644	—	—	—	Monthly/Quarterly	45 to 95
Credit securities	8,294,599	—	—	—	Monthly/Quarterly	45
Global equities	101,528,302	—	—	—	Mthly/Qtrly/Annly	30 to 90
Hedged equities	101,285,877	—	—	—	Quarterly	90
Private equity	61,884,439	—	—	—	See (a) below	N/A
Pooled endowments	20,413,138	—	—	—	See (b) below	N/A
Total investments at fair value	654,844,211	278,127,212	—	—		
Investment in BSA partnership	3,174,308	—	—	—	See (c) below	N/A
Total investments	\$ 658,018,519	278,127,212	—	—		

- (a) Private equity fund investments include noncontrolling shares or interests in funds where the controlling general partner serves as the investment's manager. Such investments are generally not eligible for redemption from the fund or general partner but can potentially be sold to third-party buyers in private transactions. It is the intent of the RF to hold these investments until the fund has fully distributed all proceeds to the investors.
- (b) Under the service agreements with UAF and HSCBF, investment accounts were established at UAF and HSCBF with the funds received by the RF under the NIMHD grants, as described in note 2(c). These investment accounts are treated as term endowments with the corpus not to be expended for at least 20 years and with an annual distribution of fund income for programmatic spending by the RF. The terms of the UAF and HSCBF agreements are through March 31, 2046 and December 31, 2042, respectively, with further extension possible at the discretion of the parties.
- (c) Brookhaven Science Associates, LLC (BSA) is a limited liability company formed by the RF (acting on behalf of Stony Brook University) and Battelle Memorial Institute (Battelle). In 1998, the U.S. Department of Energy selected BSA to operate Brookhaven National Laboratory. BSA net earnings are allocated 50% each to Battelle and the RF. The accompanying financial statements of the RF account for BSA under the equity method for the investment and include its share of the net earnings of BSA based on the operating results for its years ended September 30, 2022 and 2021. The RF records distributions received as a reduction of the investment balance.

The RF has unfunded commitments to private equity investments as of June 30, 2023 of approximately \$86.9 million.

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(5) Other Assets and Other Liabilities

Other assets and liabilities consist of the following at June 30:

	2023	2022
Other assets:		
Current:		
Royalties receivable	\$ 410,000	1,040,000
Miscellaneous	62,675	60,307
Total other current assets	472,675	1,100,307
Noncurrent:		
Deferred compensation assets	8,704,109	8,284,255
Total other noncurrent assets	8,704,109	8,284,255
Total other assets	\$ 9,176,784	9,384,562
Other liabilities – noncurrent:		
Deferred compensation obligation	\$ 8,704,109	8,284,255
Interest rate swap agreement	108,605	253,355
Total other liabilities	\$ 8,812,714	8,537,610

The RF maintains a deferred compensation plan established in accordance with Section 457(b) of the IRC. Plan assets are a part of the general assets of the RF, which are subject to claims of creditors of the RF. For the years ended June 30, 2023 and 2022, respectively, the assets consist of mutual funds of approximately \$4.0 million and \$3.5 million, which involve Level 1 inputs under the fair value hierarchy, variable annuities of approximately \$3.2 million and \$3.2 million, which are recorded at NAV, and fully benefit-responsive annuity contracts of approximately \$1.5 million and \$1.6 million, which are recorded at contract value.

As indicated in note 11(b), the RF currently has an interest rate swap on its outstanding bonds. The value of the swap is adjusted, through net assets without donor restrictions, to fair value involving Level 2 inputs under the fair value hierarchy.

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(6) Fixed Assets

Fixed asset classification	2022	Additions	Dispositions/ retirements	Placed in service	2023
Building	\$ 6,500,000	—	—	—	6,500,000
Building – capital lease	317,704,048	—	—	—	317,704,048
Research and office equipment	597,454,154	24,463,170	(3,938,373)	14,969,359	632,948,310
Information systems	25,462,324	—	—	—	25,462,324
Construction in progress	16,930,286	6,997,863	—	(14,969,359)	8,958,790
Total fixed assets	<u>964,050,812</u>	<u>31,461,033</u>	<u>(3,938,373)</u>	<u>—</u>	<u>991,573,472</u>
Less accumulated depreciation:					
Building	2,600,000	130,000	—	—	2,730,000
Building – capital lease	188,636,779	19,856,503	—	—	208,493,282
Research and office equipmer	221,887,215	69,303,097	(3,912,721)	—	287,277,591
Information systems	25,462,324	—	—	—	25,462,324
Total accumulated depreciation	<u>438,586,318</u>	<u>89,289,600</u>	<u>(3,912,721)</u>	<u>—</u>	<u>523,963,197</u>
Fixed assets, net	<u>\$ 525,464,494</u>	<u>(57,828,567)</u>	<u>(25,652)</u>	<u>—</u>	<u>467,610,275</u>

There is no depreciation expense associated with construction in progress assets as they have not yet been placed in service. Upon being placed in service, the assets, primarily consisting of research equipment, are classified in the appropriate categories above and depreciated over their useful lives.

(7) Intangible Assets

Intangible asset classification	2022	Additions	Dispositions/ retirements	2023
Technology licenses	\$ 24,200,000	1,290,000	(24,200,000)	1,290,000
Capitalized software	23,685,038	—	(10,000,000)	13,685,038
Total intangible assets	<u>47,885,038</u>	<u>1,290,000</u>	<u>(34,200,000)</u>	<u>14,975,038</u>
Less accumulated amortization:				
Technology licenses	24,200,000	46,071	(24,200,000)	46,071
Capitalized software	16,452,490	2,559,614	(9,285,714)	9,726,390
Total accumulated amortization	<u>40,652,490</u>	<u>2,605,685</u>	<u>(33,485,714)</u>	<u>9,772,461</u>
Intangible assets, net	<u>\$ 7,232,548</u>	<u>(1,315,685)</u>	<u>(714,286)</u>	<u>5,202,577</u>

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The approximate annual amortization of the intangible assets over the next five years is as follows:

Fiscal year ending:		
2024	\$	1,315,328
2025		1,315,328
2026		1,315,328
2027		749,808
2028		184,286
Thereafter		322,499

(8) Finance and Operating Leases

The RF is party to a finance lease for the NanoFabXtension (NFX) facility with Fuller Road Management Corporation (FRMC). The lease commenced on January 1, 2013 and expires on December 31, 2028. During the lease term, the RF's payments under the finance lease will be an annual amount equal to \$36 million.

The total expense associated with all finance leases for the year ended June 30, 2023 consisted of the following:

Amortization on finance lease assets		
included in depreciation and amortization	\$	19,856,503
Interest on finance lease liabilities		
included in interest expense		<u>14,196,643</u>
Total	\$	<u><u>34,053,146</u></u>

The following is a summary of the future payments for all finance lease obligations:

Fiscal year:	<u>Finance lease obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 23,664,522	12,335,478
2025	25,684,558	10,315,442
2026	27,877,027	8,122,973
2027	30,256,648	5,743,352
2028	32,839,397	3,160,603
Thereafter	<u>17,456,407</u>	<u>543,592</u>
Total	<u>\$ 157,778,559</u>	<u>40,221,440</u>

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As of June 30, 2023 the RF had operating leases, as lessee, with FRMC and various other entities to lease space as part of its mission to support SUNY research and partnerships. The leases expire over the next 4 to 15 years. The discount rates used range from 0.83% to 3.68% based on the risk free rate of return at the commencement date of the lease. Minimum rent payments under operating leases are recognized on a straight line basis over the term of the lease. Some leases contain variable lease payment escalations based on a set range which could be tied to the consumer price index (CPI). These lease escalations are calculated using the CPI rate at the commencement date of the lease. The RF considered lease extensions and the likelihood of the RF extending the lease in the calculations.

Leases contain termination clauses with associated penalties, the amount of which cause the likelihood of cancellation to be remote. At the end of the lease term the leased assets will be returned to the lessor. No residual value guarantees are contained in the leases.

In May 2005, the RF, as tenant, and FRMC, as landlord, executed an agreement for the lease of clean room facilities, which are used for nanotechnology-related research and development at SUNY Poly. Rent payments made by the RF pursuant to the agreement for each of the years ended June 30, 2023 and 2022 were approximately \$7.0 million. The annual rental payments may escalate annually at a rate not to exceed one percent. The term of the lease is from May 20, 2005 through September 30, 2035.

The total cost of operating leases included in occupancy expense consists of the following for the year ended June 30, 2023 was \$10,132,930.

The following is a summary of the future payments for operating lease obligations:

<u>Fiscal year</u>	<u>FRMC</u>	<u>Other</u>	<u>Total</u>
2024	\$ 7,014,458	3,292,847	10,307,305
2025	7,014,458	3,341,694	10,356,152
2026	7,014,458	3,393,918	10,408,376
2027	7,014,458	3,447,665	10,462,123
2028	7,014,458	1,491,410	8,505,868
Thereafter	50,854,821	10,855,196	61,710,017
Total	\$ 85,927,111	25,822,730	111,749,841
Less: amounts representing interest	(4,250,703)	(2,997,825)	(7,248,528)
Total	\$ 81,676,408	22,824,905	104,501,313

(9) Postretirement Benefit Obligation

(a) Plan Information

The RF sponsors a defined benefit postretirement plan that covers substantially all nonstudent employees. The plan provides postretirement medical benefits and is contributory for employees hired after 1985. Retirees who were hired after 1985 are subject to cost sharing requirements with respect to medical coverage. With respect to dental coverage, retirees must pay the full premium cost of the coverage selected.

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(b) Plan Funded Status and Related Assumptions

Annual contributions to fund the plan are made by the RF pursuant to a funding policy established by the RF's board of directors. For payment of benefits under the plan, the RF established a VEBA trust with Bank of New York Mellon as the trustee. The VEBA trust held assets of \$299.9 million and \$291.4 million as of June 30, 2023 and 2022, respectively. Current obligations are assumed to be paid out of the trust assets, with the remaining unfunded obligation reflected as a noncurrent liability of the RF. There were approximately 6,300 and 6,400 participants in the plan as of July 1, 2022 and 2021, respectively.

The following table sets forth the plan's funded status reconciled with the amount shown in the accompanying financial statements at June 30:

	2023	2022
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 310,332,273	379,204,761
Service cost	5,621,732	8,396,916
Interest cost	13,750,296	10,152,039
Plan participants' contributions	1,717,217	1,518,551
Actuarial gain	(11,114,392)	(74,890,591)
Benefits paid	(16,290,187)	(14,049,403)
Benefit obligation at end of year	304,016,939	310,332,273
Change in plan assets:		
Fair value of plan assets at beginning of year	291,357,042	313,317,318
Return on plan assets	17,117,730	(15,418,225)
Employer contributions	5,988,637	5,988,801
Plan participants' contributions	1,717,217	1,518,551
Benefits paid	(16,290,187)	(14,049,403)
Fair value of plan assets at end of year	299,890,439	291,357,042
Funded status and amount recognized in balance sheet	\$ (4,126,500)	(18,975,231)
Amounts not yet reflected in net periodic benefit cost and included in the balance sheet:		
Prior service credit	\$ 44,602,832	76,691,200
Net actuarial loss	(27,826,054)	(36,973,576)
Total	\$ 16,776,778	39,717,624
Weighted average assumptions used to determine benefit obligation:		
Discount rate at end of year	4.89 %	4.39 %

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	2023	2022
Components of net periodic benefit cost:		
Service cost	\$ 5,621,732	8,396,916
Interest cost	13,750,296	10,152,039
Expected return on plan assets	(20,323,897)	(20,682,220)
Amortization of:		
Prior service credit	(32,088,368)	(32,088,368)
Actuarial loss	1,239,297	5,577,422
Net periodic benefit gain	\$ (31,800,940)	(28,644,211)
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate for the year	4.39 %	2.63 %
Expected long-term rate of return	7.10	6.70

The service cost component of net periodic benefit gain is included in the line items “sponsored programs and other activities,” “indirect administrative support expenses” and “other research-related expenses” in the statement of activities based on the functional classification of compensation.

Estimated net benefit payments over future years are as follows:

Fiscal year ending:	
2024	\$ 17,612,000
2025	18,278,000
2026	18,890,000
2027	19,593,000
2028	20,043,000
2029–2033	104,681,000

For measurement purposes, the initial trend rates vary by coverage. The health maintenance organization rate is 6.50%, the preferred provider organization (PPO) rate is 6.25%, the PPO prescription rate is 7.50%, and administrative fees are 4.50%. Trend rates grade down to an ultimate rate of 4.50% in 2029 and later.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	One-percentage point Increase	Decrease
Effect on total service and interest cost components	\$ 3,318,875	(2,672,377)
Effect on postretirement benefit obligation	40,357,070	(33,688,110)

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(c) Fair Value of Plan Assets

The following tables summarize as of June 30, 2023 and 2022, the RF's defined benefit postretirement plan's investments held in the VEBA trust, including the redemption and notification provisions. The hierarchy and inputs to valuation techniques used to measure fair value of the plan's investments are outlined above in note 4.

2023						
	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments:						
Cash equivalents	\$ 1,631,552	1,631,552	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	12,668,444	12,668,444	—	—	Daily	2
U.S. equities	22,164,883	22,164,883	—	—	Daily	1
Foreign equities	11,174,264	11,174,264	—	—	Monthly	15
Global equities	6,950,568	6,950,568	—	—	Daily	2
Real estate	3,554,587	3,554,587	—	—	Daily	1
Hedged equities	2,571,762	2,571,762	—	—	Daily	1
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	29,217,486	—	—	—	Monthly/Quarterly	45 to 95
Global equities	72,240,857	—	—	—	Mthly/Qtrly/Annly	30 to 90
Hedged equities	43,363,052	—	—	—	Quarterly	90
Private equity	94,352,984	—	—	—	See note 4(a)	N/A
	<u>\$ 299,890,439</u>	<u>60,716,060</u>	<u>—</u>	<u>—</u>		
2022						
	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments:						
Cash equivalents	\$ 3,735,054	3,735,054	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	19,154,977	19,154,977	—	—	Daily	1
U.S. equities	25,492,803	25,492,803	—	—	Daily	1
Foreign equities	5,378,253	5,378,253	—	—	Daily	15
Real estate	8,225,392	8,225,392	—	—	Daily	1
Hedged equities	725,331	725,331	—	—	Daily	1
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	34,446,517	—	—	—	Monthly/Quarterly	45 to 95
Global equities	63,369,516	—	—	—	Mthly/Qtrly/Annly	30 to 90
Hedged equities	54,022,999	—	—	—	Quarterly	90
Private equity	76,806,200	—	—	—	See note 4(a)	N/A
	<u>\$ 291,357,042</u>	<u>62,711,810</u>	<u>—</u>	<u>—</u>		

The RF has unfunded commitments to the plan's private equity investments at June 30, 2023 of approximately \$55.6 million.

(d) Investment Policies and Strategies

The plan's primary investment goal is to meet the ongoing obligations while minimizing contributions and controlling risks. This would result in funding short-term liabilities with lower volatility short-term assets, intermediate-term liabilities with moderate-volatility assets and longer-term liabilities with long-term assets.

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By use of this structure, and by the diversification of assets, the total portfolio risk exposure and risk adjusted returns meet the plan's long-term total return goal.

The RF's investment managers, under agreement to manage the plan assets kept in the VEBA trust, exercise full investment discretion within the investment policy approved by the RF board of directors, and guidelines as described in the respective investment agreements. Assets must be managed with the care, skill, prudence, and diligence that a prudent investment professional in similar circumstances would exercise, in compliance with applicable laws and regulations.

(e) Basis Used to Determine the Overall Expected Long-Term Rate of Return on Assets Assumption

The RF works with a consultant to develop long-term rate of return assumptions used to model and determine the overall asset allocation. The return assumptions used in the asset allocation analysis are based on a building block approach in which risk premium is calculated for each asset class and adjusted for current market conditions including, but not limited to, current market valuations, yield, inflation, and various economic indicators.

The plan's asset allocation, utilizing various investment vehicles, as of June 30, 2023, as shown in the table below, is expected to meet the plan's expected return:

<u>Asset class</u>	<u>Long-term target</u>	<u>Short-term target</u>	<u>Ranges</u>	<u>Actual</u>
Cash	1.0 %	1.0 %	0-10 %	3.5 %
Fixed income:				
Government bonds	8.0 %	3.0 %	0-30 %	1.5 %
Credit	4.0 %	4.0 %	0-20 %	3.4 %
Private debt	9.0 %	6.0 %	0-20 %	7.2 %
Equities:				
Global equities	28.0 %	32.0 %	20-50 %	33.5 %
Hedged equities	15.0 %	14.0 %	0-25 %	12.0 %
Private equity	17.0 %	12.0 %	0-25 %	11.9 %
Absolute return	5.0 %	9.0 %	0-20 %	9.8 %
Real assets:				
Inflation-protected	3.0 %	6.0 %	0-10 %	4.4 %
Commodities	— %	— %	0-10 %	— %
Global real estate	10.0 %	13.0 %	5-20 %	12.8 %

(10) Retirement Plan

The RF maintains a noncontributory Section 401(a) retirement plan for substantially all nonstudent employees. Contributions are based on a percentage of earnings and range from 7% to 15%, depending on date of hire. In addition, the RF provides an additional retirement contribution if an employee retires and meets the age and service requirements for retiree health insurance. This additional contribution is calculated by multiplying the value of the employee's accrued sick leave, up to a maximum of 200 days, by the employee's contribution rate at the time of retirement. Employees become eligible to participate after completing one year of service (a one-year waiting period from their date of hire). At that time, contributions begin and they gain ownership of all future contributions made to their retirement accounts while employed by the RF.

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Contributions are allocated to individual employee accounts. Vested participants have the option of having contributions to their accounts deposited in either, a guaranteed income account, an assortment of mutual funds, stocks, bonds, real estate, and money market investments, or a selection of nonproprietary funds that are offered by the Teachers Insurance and Annuity Association (TIAA). The payroll for RF employees covered by TIAA for the years ended June 30, 2023 and 2022 was approximately \$417.4 million and \$374.9 million, respectively. The RF retirement plan contributions were approximately \$32.2 million and \$30.1 million for the years ended June 30, 2023 and 2022, respectively. These contributions are equal to 100% of the required contributions for the year.

(11) Long-Term Obligations

	2023	2022
Long-term obligations:		
Bonds payable to Albany Industrial Development agency (AIDA); see note (a) below	2,920,000	3,165,000
Note payable to Citizens Bank, see note (b) below	1,375,000	2,160,714
Total long-term obligations	\$ 4,295,000	5,325,714

- (a) The RF has an interest rate swap agreement, on the variable-rate AIDA bonds payable, with the Bank of New York to pay a fixed rate of interest of 3.615%. The bonds payable mature in 2032.
- (b) The RF has a fixed rate term loan with Citizens Bank with an interest rate of 3.68%, which commenced on February 2, 2018 and expires on February 1, 2025 and is fully collateralized by certain of the RF's investments.

Future scheduled payments as of June 30, 2023 are as follows:

	Bonds and notes payable	
	Principal	Interest
Fiscal year:		
2024	\$ 1,035,714	48,150
2025	849,286	18,730
2026	270,000	8,560
2027	275,000	7,460
2028	285,000	6,320
Thereafter	1,580,000	13,080
Total	\$ 4,295,000	102,300

The RF was in compliance with all loan covenant provisions in effect as of the issuance date of these financial statements.

Lines of Credit

The RF maintains unsecured lines of credit, with no fixed maturity date, in the amount of \$65.0 million, of which \$1.6 million and \$9.5 million were outstanding as of June 30, 2023 and 2022, respectively. During the year ended June 30, 2022, the borrowing rates ranged between 2.66% – 6.79%. The terms of the lines

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include the specification that each draw must be repaid within one year, and that the bank has the right to demand full repayment of these lines of credit at any time. There has been no indication by the bank of its intent to exercise this right.

(12) Commitments and Contingencies

(a) Commitments

The RF has commitments under its NFX capital lease as well as agreements with industry partners to support the mission of the SUNY Poly campus, some of which are pending sponsorship or other funding. As of the issuance date of these financial statements, the RF does not anticipate any shortfalls of funding under these commitments to be material in nature.

(b) Contingencies

During the ordinary course of business, the RF is exposed to risks associated with legal proceedings and claims. A liability is recognized with respect to legal proceedings and claims if incurrence of a loss is probable and the amount of loss is reasonably estimable. It is not anticipated that potential liability from any matters as yet unresolved as of the issuance date will have a material effect on the RF's financial condition and/or cash flows.

(13) Functional Expenses

The statement of activities presents expenses by program classification. The RF also summarizes its expenses by functional and natural classifications. The RF's primary program service is research. Depreciation expense is assigned based on the functional classification of the contract or agreement for which an individual asset was acquired. Postretirement and other benefit expenses are allocated based on the functional classifications of salaries. Expenses, categorized based on functional and natural classifications for the years ended June 30, 2023 and 2022, are as follows (in thousands):

	2023						Total
	Research	Institutional support	Public service	Instruction	Academic support	Other	
Salaries	\$ 231,808	67,782	56,234	39,034	13,721	1,862	410,441
Employee benefits	76,304	28,435	24,007	15,500	5,176	694	150,116
Subcontracts	94,225	11	14,675	8,347	1,299	36	118,593
Office expense	68,095	10,309	4,869	8,536	3,884	617	96,310
Depreciation and amortization	86,772	3,922	13	422	1	247	91,377
Fees for services	32,954	6,316	9,038	6,499	2,868	5,574	63,249
Occupancy	12,900	11,619	6,997	390	896	5,755	38,557
Equipment	23,179	4,482	811	1,545	1,443	461	31,921
Tuition and fees	10,112	280	425	11,426	327	539	23,109
Fellowship stipends	4,814	1,095	794	10,666	869	1,601	19,839
Interest	14,197	2,896	—	—	—	—	17,093
Rental Equipment	4,992	1,063	100	143	90	—	6,388
Information technology	1,573	7,953	760	489	387	810	11,972
Travel	9,534	2,179	1,760	2,480	850	55	16,858
Other expenses	21,947	33,855	2,445	4,457	2,377	1,312	66,393
Total expenses	\$ 693,406	182,197	122,928	109,934	34,188	19,563	1,162,216

**THE RESEARCH FOUNDATION FOR
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Notes to Financial Statements

June 30, 2023 and 2022

	2022						Total
	Research	Institutional support	Public service	Instruction	Academic support	Other	
Salaries	\$ 215,124	64,417	57,773	36,023	13,170	2,052	388,559
Employee benefits	71,736	26,497	25,184	14,495	4,344	696	142,952
Subcontracts	94,622	185	13,868	7,710	892	—	117,277
Office expense	62,781	16,408	5,835	4,575	2,716	361	92,676
Depreciation and amortization	80,167	3,386	13	297	1	253	84,117
Fees for services	27,795	9,898	11,978	2,768	3,221	1,203	56,863
Occupancy	10,145	13,421	6,875	282	809	4,869	36,401
Equipment	18,805	1,780	656	1,341	1,108	93	23,783
Tuition and fees	9,193	296	135	10,406	125	210	20,365
Fellow ship stipends	3,667	768	667	11,217	298	1,676	18,293
Interest	15,911	369	—	—	—	—	16,280
Rental Equipment	14,141	274	68	124	3	—	14,610
Information technology	2,902	6,964	675	914	120	642	12,217
Travel	3,737	1,240	856	912	241	22	7,008
Other expenses	22,515	31,359	3,309	3,207	985	626	62,001
Total expenses	\$ 653,241	177,262	127,892	94,271	28,033	12,703	1,093,402

(14) Subsequent Events

The RF 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, 2023 were available to be issued on September 29, 2023 and subsequent events have been evaluated through that date.