THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

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

We have audited the accompanying financial statements of The Research Foundation for The State University of New York, which comprise the balance sheets as of June 30, 2015 and 2014, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Research Foundation for The State University of New York as of June 30, 2015 and 2014, and the changes in its net deficit and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Albany, New York
September 30, 2015

THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

Balance Sheets

June 30, 2015 and 2014

		2015	2014
Assets			
Current Assets			
Cash and cash equivalents	$	185,200	219,200
Accounts receivable, net		291,212,178	236,460,187
Advances to others		7,407,192	9,786,123
Investments		168,386,829	204,291,066
Due from broker for securities sold		-	4,769,930
Other current assets		3,057,908	7,778,487
Total current assets		470,249,307	463,304,993
Noncurrent Assets			
Fixed assets, net		158,025,440	141,067,205
Intangible assets, net		53,655,224	65,605,630
Other noncurrent assets		53,219,412	41,552,324
Total noncurrent assets		264,900,076	248,225,159
Total assets	$	735,149,383	711,530,152
Liabilities and Net Deficit			
Current Liabilities			
Accounts payable and accrued expenses	$	73,908,597	86,826,254
Accrued compensation		11,458,522	10,290,934
Accrued leave		30,307,870	30,407,655
Deferred revenue		115,369,652	150,274,576
Deposits held for others		24,554,690	27,361,223
Due to broker for securities purchased		-	-
Current portion of capital lease obligations		3,632,983	7,037,035
Current portion of long-term debt		195,000	1,165,631
Line of credit and other short-term debt		23,309,040	6,300,000
Total current liabilities		282,736,354	319,663,308
Noncurrent Liabilities			
Deposits held for others		-	-
Postretirement benefit obligation		398,570,748	278,648,537
Other deferred revenue		182,832,148	152,450,318
Capital lease obligations, net of current portion		-	3,632,983
Long-term debt, net of current portion		4,470,000	7,230,870
Other liabilities		6,494,920	6,302,916
Total noncurrent liabilities		592,367,816	448,265,624
Total liabilities		875,104,170	767,928,932
Unrestricted net assets (deficit):			
Undesignated Assets		87,842,954	62,597,474
Reserved for future postretirement benefit costs		(227,797,741)	(118,996,254)
Total net deficit		(139,954,787)	(56,398,780)
Total liabilities and net deficit	$	735,149,383	711,530,152

See accompanying notes to financial statements.

THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

Statements of Activities

Years ended June 30, 2015 and 2014

		2015	2014
Revenue:			
Grants awarded for research and other sponsored activities:			
Federal	$	263,404,408	271,787,918
Federal flow through		119,875,473	119,627,027
New York State		117,392,038	182,399,137
Private and other		271,432,403	217,437,139
Total grants awarded for research and other sponsored activities		772,104,322	791,251,221
Indirect cost recoveries:			
Federal		78,144,376	82,788,697
Federal flow through		24,287,925	25,484,532
New York State		6,198,911	5,971,086
Private and other		14,581,966	12,602,185
Total indirect cost recoveries		123,213,178	126,846,500
Other research-related income:			
Inventions and licenses		10,504,002	20,278,155
Third-party service centers		14,125,248	14,293,512
Agency fees		7,316,917	6,937,816
Fixed price awards		25,080,260	5,879,488
Amortization of deferred gain		8,000,000	8,000,000
Other		7,689,774	8,386,727
Total other research-related income		72,716,201	63,775,698
Investment income, net		11,320,151	20,067,417
Total revenue		979,353,852	1,001,940,836
Expenses:			
Sponsored programs and other activities		775,429,495	790,813,430
Indirect administrative and support expenses:			
Salaries		64,583,437	64,609,295
Fringe benefits		37,304,243	29,392,600
Professional services		17,317,079	16,745,285
Supplies		7,580,080	6,737,148
Depreciation		13,691,241	13,286,452
Other		9,254,456	35,230,552
Total indirect administrative and support expenses		149,730,536	166,001,332
Other research related expenses:			
Inventions and licenses		10,264,035	18,289,998
Third party service centers		14,342,244	14,396,605
Other		4,342,062	5,514,425
Total other research-related expenses		28,948,341	38,201,028
Total expenses		954,108,372	995,015,790
Change in net assets from revenue and expenses		25,245,480	6,925,046
Postretirement related changes other than net periodic benefit cost		(108,801,487)	5,525,727
Change in net deficit		(83,556,007)	12,450,773
Net deficit at beginning of year		(56,398,780)	(68,849,553)
Net deficit at end of year	$	(139,954,787)	(56,398,780)

See accompanying notes to financial statements.

THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Federal grants and contracts	$	481,376,031	497,122,427
State and local grants and contracts		80,756,034	269,154,563
Private gifts and grants		297,055,688	269,940,551
Other receipts		245,627,347	264,860,139
Salaries and wages payments		(407,084,505)	(404,974,774)
Employee benefits payments		(156,869,171)	(151,460,348)
Payments to suppliers and vendors		(470,267,684)	(549,420,197)
Operating interest and dividends		784,515	1,930,425
Distribution from BSA partnership		2,042,688	1,527,145
Interest payments on capital debt and notes		(498,787)	(816,083)
Other payments		(86,131,899)	(81,197,190)
Net cash (used in) provided by operating activities		(13,209,743)	116,666,658
Cash flows from investing activities:			
Proceeds from sales of investments		265,168,714	350,591,844
Purchases of investments		(212,913,880)	(356,149,579)
Cash paid for purchases of fixed and intangible assets		(41,262,595)	(84,949,519)
Net cash provided by (used in) investing activities		10,992,239	(90,507,254)
Cash flows from financing activities:			
Principal payments on long-term debt and capital lease obligations		(8,268,536)	(8,035,547)
Proceeds from line of credit		259,277,681	58,020,435
Payments on line of credit		(248,825,641)	(76,817,423)
Net cash provided by (used in) financing activities		2,183,504	(26,832,535)
Net decrease in cash and cash equivalents		(34,000)	(673,131)
Cash and cash equivalents, beginning of year		219,200	892,331
Cash and cash equivalents, end of period	$	185,200	219,200
Reconciliation of change in net assets to net cash (used in) provided by operating activities:			
Change in net assets	$	(83,556,007)	12,450,773
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities			
Realized and unrealized gains on investments		(8,313,786)	(17,098,205)
Change in fair value of interest rate swap		19,188	(14,717)
Net change in equity investment of BSA partnership		(179,162)	488,358
Depreciation and amortization		43,434,896	37,025,118
Loss on disposal of fixed assets		98,112	184,753
Accretion of deferred gain on sale leaseback transaction		(6,750,000)	(6,750,000)
Donated fixed assets		(528,236)	(4,661,875)
Change in assets and liabilities that provide (use) cash:			
Accounts receivable and other assets		(59,319,569)	(35,847,823)
Accrued investment income		33,673	1
Accounts payable and accrued expenses		(11,849,854)	(6,615,570)
Other accruals and other liabilities		1,108,418	1,702,847
Deferred revenue		(4,523,094)	112,087,466
Deposits held for others		(2,806,533)	21,760,031
Post-retirement benefit obligation		119,922,211	1,955,501
Net cash (used in) provided by operating activities	$	(13,209,743)	116,666,658

See accompanying notes to financial statements.

(1) Organization

The Research Foundation for The State University of New York (RF) exists to serve The State University of New York (SUNY) by providing sponsored programs administration and innovation support services to SUNY faculty, students and staff who perform research in diverse fields including energy, environment, health sciences, neuroscience, materials and advanced manufacturing, and arts and humanities.

Aligned with SUNY's Research Innovation Strategy and New York's Innovation Agenda, the RF manages programs such as the SUNY Networks of Excellence, the Technology Accelerator Fund, and START-UP NY that maximize the collective impact of SUNY research.

The RF protects SUNY's intellectual property and connects business and industry to SUNY faculty to commercialize their inventions for the public good. The RF offers a full complement of technology transfer and business development services to promote innovation, entrepreneurship and economic development.

The RF comprises a central office and operating units at 31 campus locations across New York State. The RF is a private nonprofit educational corporation and is governed by a board of directors.

(2) Summary of Significant Accounting Polices

(a) *Basis of Presentation*

The accompanying financial statements of the RF are presented consistent with the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. The RF currently has no assets with donor-imposed restrictions, and therefore all net assets are unrestricted and available for operations.

(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 (deficit) and disclosures of contingencies as of the dates of the financial statements and the reported amounts of change in net assets (deficit) during the reporting periods. The most significant areas which are affected by the use of estimates include allowances for doubtful receivables, valuation of certain investments measured at net asset value, commitments and contingencies, useful lives of fixed assets and intangible assets, 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) *Revenue Recognition*

Grants awarded for research and other sponsored activities represent exchange transactions derived from grants, cost reimbursement contracts, and cooperative agreements that provide for the recovery of direct and indirect costs, and are subject to sponsor audit. Grants and contracts awarded for research and other sponsored activities are recognized to the extent of direct costs incurred. Amounts received in excess of expenditures are recorded as deferred revenue. Recoveries of indirect costs provided from grants and contracts are recorded as revenue in the year in which the costs are eligible for reimbursement.

Investment income or loss includes dividends and interest, realized and unrealized gains and losses, and equity adjustments from the RF's investment in the Brookhaven Science Associates partnership. 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 gains or losses.

Inventions and licenses income consists of royalties received from licenses and is recognized on the accrual basis. The income is distributed based on SUNY's policy of apportioning up to 40% of the income to the inventors and the remaining 60% to the campuses. Campus shares of the income, spent under the provisions of the Bayh-Dole Act, and inventors' shares are reflected in the RF's administration and support expenses.

Other 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.

(d) ***Cash Equivalents***

For the purpose of presenting the statements of cash flows, 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 investments. Cash equivalents are stated at fair value and are considered a Level 1 financial asset.

(e) ***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.

(f) ***Fixed and Intangible Assets***

The title to equipment purchased using sponsored funds is generally retained by the grantor institution until such time as 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.

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 indicators. If impairment indicators existed, the RF would perform the required analysis and, if applicable, would record impairment charges.

(Continued)

Upon sale or retirement of capitalized assets, 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, 2015 and 2014 was $43.4 million and $37.0 million, respectively.

(g) ***Deferred Revenue***

Deferred revenue represents two types of activities: (1) surplus amounts for sponsored program activity that occur when funds are received in advance of spending and (2) surplus balances related to service centers that are established and maintained to provide a specific service to sponsored programs and other users.

Amounts estimated to be realized over a period greater than one year are reflected in noncurrent deferred revenue on the balance sheets and primarily stem from capitalized equipment purchased under sponsored programs related to economic development.

(h) ***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 $2.3 million and $2.4 million as of June 30, 2015 and 2014, respectively.

(i) ***Postretirement Benefit Obligation***

The RF has a defined medical benefit postretirement plan covering substantially all of its nonstudent 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, 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.

(j) ***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. The RF has two long-term notes receivable and, in both cases, no bad debt allowances were considered necessary as of June 30, 2015 and 2014, respectively, and no adverse information on collectability has been received as of financial statement issuance date.

Long-term debt and the line of credit bear interest at a variable rate that is not significantly different than current market rates for loans with similar maturities and credit quality and carrying value accordingly approximates fair value.

(k) ***Tax Status***

The RF has been determined by the Internal Revenue Service to be an organization described in Internal Revenue Code (the Code) Section 501(c)(3) and, therefore, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management has determined there are no uncertain tax positions as of June 30, 2015 and 2014.

(l) ***Other Information***

Accounts receivable as of June 30, 2015 and 2014 are reported net of an allowance for doubtful accounts of approximately $9.3 million.

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 on a monthly basis. 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, 2015 and 2014 is approximately $6.7 million and $7.4 million, respectively.

(m) ***Reclassifications***

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

(3) Affiliated Organizations

Organizations affiliated with the RF have been established to facilitate partnerships and accelerate the growth of sponsored program and applied research opportunities at SUNY. The affiliated organizations are as follows:

(a) ***BioBAT, Inc. (formerly BioBAT Holdings, Inc.)***

BioBAT, Inc. is a private, not-for-profit corporation formed by the RF (acting on behalf of SUNY Downstate Medical Center) and the New York City Economic Development Corporation (on behalf of the City of New York) to develop the Brooklyn Army Terminal into a site for biotechnology and biopharmaceutical manufacturing, and research.

(b) ***Broad Hollow Bioscience Park, Inc.***

Broad Hollow Bioscience Park, Inc. is a not-for-profit corporation formed by the RF (acting on behalf of Farmingdale State College) and Cold Spring Harbor Laboratory to operate an incubator facility on the Farmingdale State campus. Its purpose is to assist in the economic development of the region by attracting public and private funds to further biotechnology development through the commercialization of new technologies and the creation of new companies and jobs.

(c) ***Brookhaven Science Associates, LLC***

Brookhaven Science Associates, LLC (BSA) is a not-for-profit 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 profits and losses are allocated 50% each to Battelle and the RF.

The accompanying financial statements of the RF include its share of the net earnings/loss of BSA based on the operating results for the years ended June 30, 2015 and 2014. The RF records distributions received as a reduction of the investment balance.

(d) ***Buffalo 2020 Development Corporation***

Buffalo 2020 Development Corporation was formed by the RF (acting on behalf of University at Buffalo) and FNUB, Inc., a subsidiary of the University at Buffalo Foundation, to enable the purchase, development, and construction of research-based facilities and infrastructure on University at Buffalo property on the downtown Buffalo, New York campus. These facilities will support the research, academic and economic development mission of the SUNY campus at Buffalo.

(e) ***CUBRC, Inc.***

CUBRC, Inc. is a private, not-for-profit corporation formed by the RF (acting on behalf of the University at Buffalo) and other foundations. CUBRC, Inc.'s mission is to leverage the capabilities of scientists from academia and industry to provide economic opportunities in Western New York. CUBRC, Inc. competes for research programs that would not otherwise be available to the University at Buffalo.

(f) ***Downstate Technology Center, Inc.***

Downstate Technology Center, Inc. is a private, not-for-profit corporation formed by the RF (acting on behalf of SUNY Downstate Medical Center) and the Health Science Center at Brooklyn Foundation, Inc. to provide for the construction of an advanced biotechnology incubator adjacent to the SUNY Downstate Medical Center. The facility seeks to advance medical research, provide incubator space and assist in the economic development of the Borough of Brooklyn.

(g) ***Fort Schuyler Management Corporation***

Fort Schuyler Management Corporation (FSMC) is a private, not-for-profit corporation, formed by the RF (acting on behalf of SUNY Polytechnic Institute (SUNY Poly) at the SUNY Institute of Technology (SUNYIT)) and the SUNYIT Foundation. FSMC will facilitate the construction of a nanotechnology and semiconductor development and manufacturing facility adjacent to the SUNYIT campus in partnership with local economic development institutions.

(h) ***Fuller Road Management Corporation***

Fuller Road Management Corporation (FRMC) is a private, not-for-profit corporation formed by the RF (acting on behalf of the University at Albany) and the University at Albany Foundation. FRMC provides for the construction of research facilities at SUNY Poly to promote research and development of early and late stage companies, and the creation of jobs, and the development of the region's economy.

(i) ***Long Island High Technology Incubator***

Long Island High Technology Incubator (LIHTI) is a private, not-for-profit corporation formed by the RF (acting on behalf of Stony Brook University) and the Stony Brook Foundation, Inc. LIHTI's mission is the development of new high-technology companies.

(j) ***New York Genome Center***

New York Genome Center (NYGC) is a private, not-for-profit corporation formed by the RF (acting on behalf of Stony Brook University) and other New York-based universities and health institutions. The RF participates in NYGC as an Institutional Founding Member. The mission of NYGC is to transform medical research and clinical care in and around New York City through the creation of what will become one of the largest genomics and bioinformatics facilities in North America.

(k) ***SUNY Fredonia Technology Incubator, Inc.***

SUNY Fredonia Technology Incubator, Inc. (SFTI) is a private not-for-profit corporation formed by the RF (acting on behalf of SUNY Fredonia) and the Fredonia College Foundation to develop and manage a technology incubator facility in Dunkirk, New York. The incubator houses new technology companies in order to further the early stage business capacity of the region, create jobs, and promote economic development. This corporation was never funded and was dissolved during FY 2015.

(l) ***U.S. Photovoltaic Manufacturing Consortium, Inc.***

The Photovoltaic Manufacturing Consortium (PVMC) is a private, not-for-profit corporation, formed by the RF (acting on behalf of SUNY Poly) and Sematech, Inc. to facilitate an industry-led consortium for cooperative research and development among industry, university, and government partners to accelerate the development, commercialization, and manufacturing of next-generation solar photovoltaic systems.

(Continued)

(4) Investments

The following is the composition of net investment income for the years ended June 30:

		2015	2014
Dividends and interest	$	784,515	1,930,425
Net realized and unrealized gains		8,313,786	17,098,205
Income from investment in BSA partnership		2,221,850	1,038,787
Total return on investments	$	11,320,151	20,067,417

(5) 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:

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 are made using NAV per share or its equivalent as a practical expedient and are not required to be categorized in the fair value hierarchy due to the adoption of FASB ASU 2015, *Fair Value Measurements: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07) as of June 30, 2015. The fair value amounts attributed to these investments continue to be presented in the tables below to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet. As a result of the retrospective application of ASU 2015-07, the June 30, 2014 investment information below has been restated from prior years to remove the investments measured at NAV or its equivalent from Level 2 and 3 in the fair value hierarchy.

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 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.

The following tables summarize, as of June 30, 2015 and 2014, the RF's investments that are measured at fair value on a recurring basis as well as the liquidity redemption and notification provisions:

	2015					
	Total	Level 1	Level 2	Level 3	Redemption frequency	Days notice
Investments:						
Cash equivalents	$ 19,431,739	19,431,739	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	19,652,694	19,652,694	—	—	Daily	1
U.S. equities	3,189,270	3,189,270	—	—	Daily	1
Commodities	4,260,688	4,260,688	—	—	Daily	1
Foreign equities	8,248,122	8,248,122	—	—	Daily	1 to 4
Real estate	6,542,819	6,542,819	—	—	Daily	1 to 4
Other	354,216	354,216	—	—	Daily	4
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	28,146,886	—	—	—	Quarterly	45 to 95
Credit securities	10,813,297	—	—	—	Quarterly	30 to 45
Global equities	16,739,587	—	—	—	Qtrly/Annual	30 to 90
Hedged equities	29,872,352	—	—	—	Quarterly	95
U.S. equities	7,259,377	—	—	—	Quarterly	45
Private equity	10,847,635	—	—	—	See (a) below	N/A
Total Investment at Fair Value	165,358,682	61,679,548	—	—		
Investment in BSA partnership	3,028,147	—	—	—	N/A	N/A
Total Investments	$ 168,386,829	61,679,548	—	—		

	2014					
	Total	Level 1	Level 2	Level 3	Redemption frequency	Days notice
Investments:						
Cash equivalents	$ 38,008,299	38,008,299	—	—	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	18,030,713	18,030,713	—	—	Daily	1
U.S. corporate credit securities	1,226,784	1,226,784	—	—	Daily	1
U.S. equities	8,416,071	8,416,071	—	—	Daily	1
Commodities	5,050,322	5,050,322	—	—	Daily	1
Foreign equities	19,765,829	19,765,829	—	—	Daily	1 to 4
Real estate	9,046,600	9,046,600	—	—	Daily	1 to 4
Other	1,218,074	1,218,074	—	—	Daily	4
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	39,667,882	—	—	—	Quarterly	45 to 95
Credit securities	8,976,109	—	—	—	Mthly/Qtrly	30 to 45
Global equities	4,785,807	—	—	—	Annual	90
Hedged equities	31,264,663	—	—	—	Quarterly	95
U.S. equities	7,775,874	—	—	—	Quarterly	45
Private equity	8,209,054	—	—	—	See (a) below	N/A
Total Investment at Fair Value	201,442,081	100,762,692	—	—		
Investment in BSA partnership	2,848,985	—	—	—	N/A	N/A
Total Investments	$ 204,291,066	100,762,692	—	—		

(a) Private equity fund investments include non-controlling 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.

There has been no transfer activity among levels for investments during fiscal years 2015 and 2014. The RF has unfunded commitments to private equity investments as of June 30, 2015 of approximately $6.0 million.

(6) Other Assets and Other Liabilities

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

	2015	2014
Other assets:		
Current:		
Royalties receivable	$ 3,010,658	7,439,032
Miscellaneous	47,250	339,455
Total other current assets	3,057,908	7,778,487
Noncurrent:		
Loans receivable	5,505,461	11,037,789
Deferred compensation assets	5,713,951	5,314,535
NFX lease prepaid	42,000,000	25,200,000
Total other noncurrent assets	53,219,412	41,552,324
Total other assets	$ 56,277,320	49,330,811
Other liabilities – noncurrent:		
Deferred compensation obligation	$ 5,713,951	5,314,535
Miscellaneous	780,969	988,381
Total other liabilities	$ 6,494,920	6,302,916

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. The assets consist of mutual funds, which involve Level 1 inputs under the fair value hierarchy, variable annuities which involve Level 2 inputs, and annuity contracts, which involve Level 3 inputs. The significant majority of these holdings are categorized in Levels 1 and 2.

(7) Fixed Assets

Fixed assets consist of the following at June 30:

Fixed asset classification		Fixed assets June 30, 2014	Additions	Dispositions/ retirements	Fixed assets June 30, 2015
Building	$	6,500,000	—	—	6,500,000
Office furniture and research equipment		140,065,750	34,649,201	1,393,417	173,321,534
Information systems		33,278,310	—	—	33,278,310
Construction in progress		58,448,012	7,141,636	—	65,589,648
Total fixed assets		238,292,072	41,790,837	1,393,417	278,689,492
Less accumulated depreciation:					
Building		1,560,000	130,000	—	1,690,000
Office furniture and equipment		62,620,304	24,509,355	1,295,305	85,834,354
Information systems		33,044,563	95,135	—	33,139,698
Total accumulated depreciation		97,224,867	24,734,490	1,295,305	120,664,052
Fixed assets, net	$	141,067,205	17,056,347	98,112	158,025,440

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, will be classified in the appropriate categories above and depreciated over their useful lives.

The amortization expense for the sale-leaseback asset was $6.8 million for June 30, 2015 and 2014. The sale-leaseback transactions resulted in a gain that has been deferred and recognized over the life of the lease. This asset is being concurrently amortized and netted with the recognition of the deferred gain and results in no net increase to fixed assets.

(8) Intangible Assets

Intangible assets at June 30 consist of the following:

Intangible asset classification	Intangible assets June 30, 2014	Additions	Dispositions/ retirements	Intangible assets June 30, 2015
Technology licenses	$ 89,200,000	—	—	89,200,000
Software upgrade costs	4,002,031	—	—	4,002,031
Total intangible assets	93,202,031	—	—	93,202,031
Less accumulated amortization:				
Technology licenses	27,463,000	11,150,000	—	38,613,000
Software upgrade costs	133,401	800,406	—	933,807
Total accumulated amortization	27,596,401	11,950,406	—	39,546,807
Intangible assets, net	$ 65,605,630	(11,950,406)	—	53,655,224

The approximate annual amortization of the intangible assets over future years are as follows:

Fiscal year ending 2016	$ 11,950,000
Fiscal year ending 2017	11,950,000
Fiscal year ending 2018	11,950,000
Fiscal year ending 2019	10,304,000
Fiscal year ending 2020	5,313,000
Fiscal year ending 2021	2,188,000

(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.

(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 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 $169.8 million and $148.7 million as of June 30, 2015 and 2014, 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 6,900 and 6,600 participants in the plan as of July 1, 2014 and 2013.

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

		2015	**2014**
Change in benefit obligation:			
Benefit obligation at beginning of year	$	427,323,643	405,432,951
Service cost		15,866,297	11,516,614
Interest cost		20,271,144	17,275,032
Plan participants' contributions		881,732	710,361
Retiree drug subsidy receipts		239,016	376,010
Plan amendments		—	(603,917)
Actuarial loss		115,557,012	2,884,499
Benefits paid		(11,740,622)	(10,267,907)
Benefit obligation at end of year		568,398,222	427,323,643
Change in plan assets:			
Fair value of plan assets at beginning of year		148,675,106	124,828,913
Return on plan assets		10,789,948	15,399,193
Employer contributions		20,982,294	17,628,536
Plan participants' contributions		881,732	710,361
Retiree drug subsidy receipts		239,016	376,010
Benefits paid		(11,740,622)	(10,267,907)
Fair value of plan assets at end of year		169,827,474	148,675,106
Funded status and amount recognized in balance sheet	$	(398,570,748)	(278,648,537)
Reserve for future postretirement benefit costs:			
Prior service credit	$	14,404,324	20,339,647
Net actuarial loss		(242,202,065)	(139,335,901)
Total	$	(227,797,741)	(118,996,254)

(Continued)

		2015	2014
Weighted average assumptions used to determine benefit obligation:			
Discount rate at end of year		4.45%	4.30%
Components of net periodic benefit cost:			
Service cost	$	15,866,297	11,516,614
Interest cost		20,271,144	17,275,032
Expected return on plan assets		(11,958,556)	(9,995,708)
Amortization of:			
Prior service credit		(5,935,323)	(6,032,260)
Actuarial loss		13,859,456	8,435,084
Net periodic benefit cost	$	32,103,018	21,198,762
Weighted average assumptions used to determine net periodic benefit cost:			
Discount rate for the year		4.30%	4.72%
Expected long-term rate of return		7.50%	7.50%

		2015	2014
Other changes in plan assets and benefit obligations recognized in unrestricted net assets:			
Net actuarial (loss) gain	$	(116,725,620)	2,518,986
Prior service credit		—	603,917
Amortization of:			
Prior service credit		(5,935,323)	(6,032,260)
Actuarial loss		13,859,456	8,435,084
Total recognized as (decrease) increase in unrestricted net assets	$	(108,801,487)	5,525,727

Expected amounts amortized from unrestricted net assets into net periodic benefit cost for fiscal year ending 2016 include prior service credit of $5.9 million and actuarial loss of $18.1 million.

Estimated net benefit payments over future years are as follows:

Fiscal year ending 2016	$	12,272,000
Fiscal year ending 2017		13,582,000
Fiscal year ending 2018		15,056,000
Fiscal year ending 2019		16,675,000
Fiscal year ending 2020		18,323,000
Fiscal years ending 2021–2025		117,057,000

For measurement purposes, the initial trend rates vary by coverage. The health maintenance organization rate is 8.25%, the preferred provider organization (PPO) Medical Pre-65 rate is 8.00%, the PPO Medical Post-65 rate is 7.50%, the PPO prescription rate is 6.75%, and administrative fees are 5.00%. Trend rates grade down to an ultimate rate of 5.00% in 2023 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	One-percentage point decrease
Effect on total service and interest cost components	$ 9,158,090	(6,893,669)
Effect on postretirement benefit obligation	124,199,311	(96,108,251)

(c) ***Fair Value of Plan Assets***

The following tables summarize as of June 30, 2015 and 2014 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 to measure fair value of the plan's investments are outlined above in note 5.

	2015					
	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments:						
Cash equivalents	$ 2,370,990	2,370,990	—	—	Daily	1
Mutual and exchange traded funds:			—	—		
U.S. government fixed income	13,209,807	13,209,807	—	—	Daily	1
U.S. equities	9,889,246	9,889,246	—	—	Daily	1
Foreign equities	11,335,864	11,335,864	—	—	Daily	1 to 4
Real estate	9,031,810	9,031,810	—	—	Daily	1 to 4
Commodities	4,968,731	4,968,731	—	—	Daily	1
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	29,060,857	—	—	—	Quarterly	45 to 95
Hedged equities	39,613,360	—	—	—	Quarterly	95
U.S. equities	1,355,078	—	—	—	Quarterly	45
Private equity	15,242,797	—	—	—	See note 5(a)	N/A
Credit securities	8,522,863	—	—	—	Mthly/Qtrly	30 to 45
Global equities	25,226,071	—	—	—	Mthly/Qtrly	30 to 60
	$ 169,827,474	50,806,448	—	—		

		2014					
		Total	**Level 1**	**Level 2**	**Level 3**	**Redemption frequency**	**Days' notice**
Investments:							
Cash equivalents	$	1,131,027	1,131,027	—	—	Daily	1
Mutual and exchange traded funds:							
U.S. government fixed income		11,815,714	11,815,714	—	—	Daily	1
U.S. equities		16,485,114	16,485,114	—	—	Daily	1
Foreign equities		20,915,043	20,915,043	—	—	Daily	1 to 4
Real estate		7,106,851	7,106,851	—	—	Daily	1 to 4
Commodities		4,142,921	4,142,921	—	—	Daily	1
Investments measured at NAV or its equivalent:							
Absolute multistrategy return		27,552,782	—	—	—	Quarterly	45 to 95
Hedged equities		32,882,768	—	—	—	Quarterly	95
U.S. equities		1,451,491	—	—	—	Quarterly	45
Private equity		13,406,650	—	—	—	See note 5(a)	N/A
Credit securities		6,998,939	—	—	—	Mthly/Qtrly	30
Global equities		4,785,806	—	—	—	Quarterly	45
	$	148,675,106	61,596,670	—	—		

There has been no transfer activity among levels for investments during fiscal years 2015 and 2014. The RF has unfunded commitments to the plan's private equity investments at June 30, 2015 of approximately $24.9 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.

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, 2015, as shown in the table below, is expected to meet the plan's expected return:

Asset class	Long-term target	Short-term target	Ranges	Actual
Cash	2%	1%	0%-10%	1%
Fixed income	10	5	5%-30%	13
Equities:				
Global equities	25	33	20%-50%	32
Hedged equities	16	17	0%-25%	19
Private equity	10	3	0%-25%	6
Absolute return	15	14	0%-20%	14
Real assets:				
Inflation-protected	5	3	0%-10%	3
Commodities	5	6	0%-10%	3
Global real estate	12	9	5%-20%	9

(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 8% to 15%, depending on date of hire. In addition, the RF provides an additional pension 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.

Contributions are allocated to individual employee accounts. Vested participants have the option of having contributions to their accounts deposited in either the Teachers Insurance and Annuity Association (TIAA), which offers a guaranteed income account, the College Retirement Equities Fund (CREF), which offers an assortment of mutual funds, stocks, bonds, real estate, and money market investments, or a selection of nonproprietary funds that are offered on TIAA-CREF's platform. The payroll for RF employees covered by TIAA-CREF for the years ended June 30, 2015 and 2014 was approximately $362.3 million and $358.6 million, respectively. The RF pension contributions were approximately $30.4 million and $30.1 million for the years ended June 30, 2015 and 2014, respectively. These contributions are equal to 100% of the required contribution for the year.

(Continued)

(11) Long-Term Debt

A summary of long-term debt is as follows:

	Balance June 30, 2015	Balance June 30, 2014
Long-term debt:		
Capital lease obligations; see note (a) below	$ 3,632,983	10,670,018
Loan payable to Simons Foundation; 3.25% annual interest; forgiven in 2015	—	2,500,000
Demand note; noninterest bearing; paid in 2015	—	1,046,501
Bonds payable to Albany Industrial Development Agency (AIDA); see note (b) below	4,665,000	4,850,000
Total long-term debt	$ 8,297,983	19,066,519

(a) As of June 30, 2015, there are two sale-leaseback transactions for capital equipment reflected in the financial statements. Each sale-leaseback was originally for $13.5 million, for a total of $27.0 million. Both transactions required treatment as capital leases, with ownership of the underlying assets reverting to the RF at the end of the four-year lease terms, in September 2015 and March 2016.

(b) 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 bond payable matures in 2032.

Future scheduled payments of long-term debt as of June 30, 2015 are as follows:

	Bonds and notes payable		Capital leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal year:						
2016	$ 195,000	17,880	3,632,983	58,466	3,827,983	76,346
2017	200,000	17,080	—	—	200,000	17,080
2018	205,000	16,260	—	—	205,000	16,260
2019	215,000	15,400	—	—	215,000	15,400
2020	220,000	14,520	—	—	220,000	14,520
Thereafter	3,630,000	93,680	—	—	3,630,000	93,680
Total	$ 4,665,000	174,820	3,632,983	58,466	8,297,983	233,286

Line of Credit

The RF maintains an unsecured line of credit in the amount of $65.0 million of which $23.3 million and $6.3 million were outstanding as of June 30, 2015 and 2014, respectively. During fiscal 2015, the borrowing rate ranged between 1.0–1.5%; it was 1.1% at June 30, 2015.

(12) Revenue

Revenue, by type, consist of the following for the years ended June 30:

	2015	2014
Federal grants and contracts	$ 485,712,182	499,688,174
State grants and contracts	113,806,971	173,530,906
Local grants and contracts	9,783,978	14,839,317
Private grants and contracts	286,014,369	230,039,324
Investment income	3,006,365	2,969,212
Net realized and unrealized gains on investments	8,313,786	17,098,205
Gifts, capital gifts and grants	536,294	155,450
Inventions and licenses income	10,504,002	20,278,155
Other income	61,675,905	43,342,093
Total revenue	$ 979,353,852	1,001,940,836

(13) Expenses

Total expenses for the years ended June 30, 2015 and 2014 have been classified below for the purpose of supplemental analysis on a basis other than that required by ASC Topic 958, Not-for-Profit Entities:

	2015	2014
Instruction	$ 91,728,694	79,220,386
Research	535,046,536	562,313,004
Public service	114,806,212	122,705,649
Academic support	21,970,311	20,840,798
Student services	2,099,792	2,092,139
Institutional support	129,307,206	149,208,522
Scholarships and fellowships	4,279,139	4,153,872
Auxiliary enterprises	162,812	94,251
Operations and maintenance	10,675,875	16,361,215
Total portion functionalized	$ 910,076,577	956,989,836
Depreciation and amortization expense	43,434,896	37,025,118
Interest expense on capital related debt	498,787	816,083
Loss on disposal of fixed assets	98,112	184,753
Total unallocated expenses	44,031,795	38,025,954
Total	$ 954,108,372	995,015,790

(Continued)

(14) Commitments and Contingencies

Lease Obligations

The RF contracts with FRMC and various other entities to lease space as part of its mission to support SUNY research and partnerships. Future minimum payments, as of June 30, 2015, for lease terms in excess of one year are as follows:

Fiscal year		FRMC	Other	Total
2016	$	43,014,458	3,473,929	46,488,387
2017		43,014,458	2,500,632	45,515,090
2018		43,014,458	1,829,938	44,844,396
2019		43,014,458	1,714,841	44,729,299
2020		43,014,458	1,595,674	44,610,132
Thereafter		124,970,485	12,078,911	137,049,396
Total	$	340,042,775	23,193,925	363,236,700

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, 2015 and 2014 were approximately $7.0 million. The annual rental payment 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.

In November 2011, the RF, as tenant, and FRMC, as landlord, executed an agreement for a second lease of clean room facilities, which are used for nanotechnology research and development activities at the NanoFabXtension (NFX) facility at SUNY Poly. The term of the lease payments is from January 1, 2013 through December 31, 2021, at an annual amount of $36.0 million.

Collateral

In fiscal year 2012, the RF placed $10 million in collateral for a $10 million loan furnished by the Dormitory Authority of the State of New York to SUNY Upstate Medical University in order to facilitate the purchase of Community General Hospital. This collateral is being released at the rate of $1 million per year over a period of 10 years, starting January 1, 2013. The pledged collateral balance was $7.5 million as of June 30, 2015.

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. During fiscal year 2015, two such matters recognized as liabilities in the prior year were settled for amounts that approximated the amounts previously accrued. There is currently an ongoing investigation relating to programs at one of the SUNY campuses. Potential liability resulting from this matter cannot reasonably be determined at this time.

(Continued)

(15) 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, 2015 were available to be issued on September 30, 2015 and subsequent events have been evaluated through that date.