THE RESEARCH FOUNDATION FOR
THE STATE UNIVERSITY OF NEW YORK

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors’ Report Thereon)
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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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets (deficit) and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 23, 2018
## Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$432,536</td>
<td>150,600</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>209,871,576</td>
<td>211,424,250</td>
</tr>
<tr>
<td>Advances to others</td>
<td>10,937,904</td>
<td>16,577,957</td>
</tr>
<tr>
<td>Investments</td>
<td>340,255,543</td>
<td>193,425,573</td>
</tr>
<tr>
<td>Due from broker for securities sold</td>
<td>14,400,029</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,737,941</td>
<td>2,783,504</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$577,635,529</td>
<td>426,061,884</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>26,799,124</td>
<td>21,086,771</td>
</tr>
<tr>
<td>Fixed assets, net</td>
<td>343,657,395</td>
<td>352,456,870</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>28,614,864</td>
<td>42,799,400</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>7,191,234</td>
<td>6,808,223</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>$406,262,617</td>
<td>423,151,264</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$983,898,146</td>
<td>849,213,148</td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$83,971,739</td>
<td>93,015,034</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>15,415,924</td>
<td>16,335,804</td>
</tr>
<tr>
<td>Accrued leave</td>
<td>29,757,428</td>
<td>31,661,757</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>280,273,813</td>
<td>159,908,447</td>
</tr>
<tr>
<td>Deposits held for others</td>
<td>27,343,861</td>
<td>27,568,269</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>15,711,800</td>
<td>14,476,100</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>1,000,714</td>
<td>205,000</td>
</tr>
<tr>
<td>Line of credit</td>
<td>31,780,000</td>
<td>28,705,444</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$485,255,279</td>
<td>370,975,855</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postretirement benefit obligation</td>
<td>98,510,093</td>
<td>133,624,147</td>
</tr>
<tr>
<td>Other deferred revenue</td>
<td>89,556,935</td>
<td>107,693,724</td>
</tr>
<tr>
<td>Capital lease obligations, net of current portion</td>
<td>235,232,113</td>
<td>250,943,913</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>8,367,857</td>
<td>4,065,000</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>7,645,333</td>
<td>7,477,575</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>$439,312,331</td>
<td>503,804,369</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>$924,567,610</td>
<td>874,780,214</td>
</tr>
<tr>
<td>Net assets (deficit):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for operations</td>
<td>14,015,734</td>
<td>(50,270,200)</td>
</tr>
<tr>
<td>Reserved for future postretirement benefit costs</td>
<td>45,314,802</td>
<td>24,703,134</td>
</tr>
<tr>
<td><strong>Total net assets (deficit)</strong></td>
<td>$59,330,536</td>
<td>(25,567,066)</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets (deficit)</strong></td>
<td>$983,898,146</td>
<td>849,213,148</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Statements of Activities
Years ended June 30, 2018 and 2017

### Revenue:

<table>
<thead>
<tr>
<th>Source</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants for research and other sponsored activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$311,011,268</td>
<td>287,772,414</td>
</tr>
<tr>
<td>Federal flow through</td>
<td>116,144,835</td>
<td>127,267,455</td>
</tr>
<tr>
<td>New York State</td>
<td>122,753,297</td>
<td>118,739,411</td>
</tr>
<tr>
<td>Private and other</td>
<td>208,483,429</td>
<td>219,557,301</td>
</tr>
<tr>
<td>Total grants for research and other sponsored activities</td>
<td>758,392,829</td>
<td>753,336,581</td>
</tr>
<tr>
<td>Indirect cost recoveries:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>90,980,184</td>
<td>87,668,537</td>
</tr>
<tr>
<td>Federal flow through</td>
<td>25,515,430</td>
<td>25,511,793</td>
</tr>
<tr>
<td>New York State</td>
<td>10,299,100</td>
<td>7,584,314</td>
</tr>
<tr>
<td>Private and other</td>
<td>13,144,789</td>
<td>14,174,328</td>
</tr>
<tr>
<td>Total indirect cost recoveries</td>
<td>139,938,503</td>
<td>134,938,972</td>
</tr>
<tr>
<td>Other research-related income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventions and licenses</td>
<td>7,854,836</td>
<td>6,796,176</td>
</tr>
<tr>
<td>Third-party service centers</td>
<td>10,510,748</td>
<td>10,930,950</td>
</tr>
<tr>
<td>Agency fees</td>
<td>8,054,785</td>
<td>7,645,985</td>
</tr>
<tr>
<td>Fixed price awards</td>
<td>6,055,515</td>
<td>13,207,222</td>
</tr>
<tr>
<td>Contributions</td>
<td>4,000,100</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Institutional support funding</td>
<td>61,939,953</td>
<td>9,711,898</td>
</tr>
<tr>
<td>Other</td>
<td>1,179,401</td>
<td>4,419,348</td>
</tr>
<tr>
<td>Total other research-related income</td>
<td>99,595,338</td>
<td>54,511,579</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>17,380,340</td>
<td>20,773,357</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,015,307,010</td>
<td>963,560,489</td>
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</table>

### Expenses:

<table>
<thead>
<tr>
<th>Source</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored programs and other activities</td>
<td>770,564,300</td>
<td>748,956,185</td>
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<tr>
<td>Indirect administrative and support expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>65,010,429</td>
<td>67,650,165</td>
</tr>
<tr>
<td>Fringe benefits – postretirement</td>
<td>(2,829,705)</td>
<td>(6,931,553)</td>
</tr>
<tr>
<td>Fringe benefits – other</td>
<td>23,414,600</td>
<td>29,161,112</td>
</tr>
<tr>
<td>Professional services</td>
<td>13,833,592</td>
<td>15,475,154</td>
</tr>
<tr>
<td>Supplies</td>
<td>5,893,119</td>
<td>7,435,845</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,806,351</td>
<td>6,263,814</td>
</tr>
<tr>
<td>Bad debt</td>
<td>10,242,356</td>
<td>10,971,546</td>
</tr>
<tr>
<td>Other</td>
<td>35,931,481</td>
<td>36,505,849</td>
</tr>
<tr>
<td>Total indirect administrative and support expenses</td>
<td>157,302,223</td>
<td>166,531,932</td>
</tr>
<tr>
<td>Other research related expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventions and licenses</td>
<td>5,035,212</td>
<td>4,378,887</td>
</tr>
<tr>
<td>Third-party service centers</td>
<td>10,098,599</td>
<td>9,283,983</td>
</tr>
<tr>
<td>Other</td>
<td>8,020,742</td>
<td>40,607,835</td>
</tr>
<tr>
<td>Total other research-related expenses</td>
<td>23,154,553</td>
<td>54,270,705</td>
</tr>
<tr>
<td>Total expenses</td>
<td>951,021,076</td>
<td>969,758,822</td>
</tr>
<tr>
<td>Change in net assets from revenue and expenses</td>
<td>64,285,934</td>
<td>(6,198,333)</td>
</tr>
<tr>
<td>Changes in net assets related to postretirement</td>
<td>20,611,668</td>
<td>13,253,427</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>84,897,602</td>
<td>7,055,094</td>
</tr>
<tr>
<td>Net deficit at beginning of year</td>
<td>(25,567,066)</td>
<td>(32,622,160)</td>
</tr>
<tr>
<td>Net assets (deficit) at end of year</td>
<td>$59,330,536</td>
<td>(25,567,066)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# THE RESEARCH FOUNDATION FOR
# THE STATE UNIVERSITY OF NEW YORK

## Statements of Cash Flows

### Years ended June 30, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>$547,097,929</td>
<td>535,935,340</td>
</tr>
<tr>
<td>State and local grants and contracts</td>
<td>266,207,661</td>
<td>146,521,521</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>232,937,012</td>
<td>279,682,606</td>
</tr>
<tr>
<td>Other receipts</td>
<td>274,970,561</td>
<td>244,213,061</td>
</tr>
<tr>
<td>Salaries and wages payments</td>
<td>(408,027,926)</td>
<td>(417,132,077)</td>
</tr>
<tr>
<td>Employee benefits payments</td>
<td>(142,795,293)</td>
<td>(167,122,333)</td>
</tr>
<tr>
<td>Payments to suppliers and vendors</td>
<td>(460,924,950)</td>
<td>(442,750,014)</td>
</tr>
<tr>
<td>Operating interest and dividends</td>
<td>3,676,861</td>
<td>1,279,834</td>
</tr>
<tr>
<td>Distribution from BSA partnership</td>
<td>2,370,000</td>
<td>2,210,000</td>
</tr>
<tr>
<td>Interest payments on capital debt and notes</td>
<td>(21,758,536)</td>
<td>(22,844,788)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(83,170,185)</td>
<td>(82,134,885)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>$210,583,134</strong></td>
<td><strong>77,858,265</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>247,542,913</td>
<td>156,963,202</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(392,246,455)</td>
<td>(176,514,669)</td>
</tr>
<tr>
<td>Proceeds from sales of fixed assets</td>
<td>3,070,365</td>
<td>—</td>
</tr>
<tr>
<td>Cash paid for purchases of fixed and intangible assets</td>
<td>(62,365,048)</td>
<td>(56,679,886)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(203,998,225)</strong></td>
<td><strong>(76,231,353)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal payments on long-term debt and capital lease obligations</td>
<td>(14,877,529)</td>
<td>(13,537,584)</td>
</tr>
<tr>
<td>Proceeds from new long-term debt borrowings</td>
<td>5,500,000</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from line of credit</td>
<td>106,596,994</td>
<td>110,964,172</td>
</tr>
<tr>
<td>Payments on line of credit</td>
<td>(103,522,438)</td>
<td>(99,643,658)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td><strong>(6,302,973)</strong></td>
<td><strong>(2,217,070)</strong></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td><strong>281,936</strong></td>
<td><strong>(590,158)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>150,600</td>
<td>740,758</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td><strong>$432,536</strong></td>
<td><strong>150,600</strong></td>
</tr>
</tbody>
</table>

**Reconciliation of change in net assets to net cash provided by operating activities:**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td><strong>$84,897,602</strong></td>
<td>7,055,094</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized and unrealized net gains on investments</td>
<td>(11,218,474)</td>
<td>(17,443,901)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>68,777,893</td>
<td>68,696,363</td>
</tr>
<tr>
<td>Net disposal of fixed assets</td>
<td>1,613,947</td>
<td>174,638</td>
</tr>
<tr>
<td>Donated fixed assets</td>
<td>(927,500)</td>
<td>(308,250)</td>
</tr>
<tr>
<td>Change in assets and liabilities that provide (use) cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net, and other assets</td>
<td>7,855,279</td>
<td>25,068,671</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(22,544,191)</td>
<td>(3,993,148)</td>
</tr>
<tr>
<td>Other assets and other liabilities</td>
<td>(1,546,257)</td>
<td>906,623</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>126,813,297</td>
<td>47,613,003</td>
</tr>
<tr>
<td>Deposits held for others</td>
<td>(224,408)</td>
<td>(1,899,224)</td>
</tr>
<tr>
<td>Postretirement benefit obligation</td>
<td>(35,114,054)</td>
<td>(48,011,594)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>$210,583,134</strong></td>
<td><strong>77,858,265</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
(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 exists to serve the State University of New York (SUNY) by providing essential administrative services that enable SUNY faculty to focus their efforts on the education of students and the performance of life-changing research across a wide range of disciplines including medicine, engineering, physical sciences, energy, computer science, and social sciences.

The RF works with the academic and business leadership of SUNY to support research and discovery through administration of sponsored projects and technology transfer and management of intellectual property for public benefit and economic growth. The RF provides a central infrastructure of people, technology and processes that enable faculty to write and submit grant proposals to government agencies as well as nonprofit and for-profit organizations; establish contracts and manage funding that is awarded to run campus-based research projects; protect and commercialize intellectual property created within those projects; and practice and promote transparency and accountability throughout the process.

The RF comprises a central office and operating units at 30 state-operated campuses across New York State, and is governed by an independent 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.

(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 and valuation of long-lived 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 funding 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. Revenue from grants and contracts awarded for research and other sponsored activities is recognized as the activities required under the grants or contract is performed, with performance generally measured based on direct costs incurred. Amounts received in excess of revenue recognized 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 earnings from the RF’s share in the Brookhaven Science Associates partnership (see note 3c). 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 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.

(d) Cash Equivalents
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 as defined in note 5.

(e) 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, 2018 and 2017 was $29.3 million and $28.3 million, respectively.
Accounts receivable, net of the allowance for doubtful accounts, is summarized as follows as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$51,973,386</td>
<td>38,746,775</td>
</tr>
<tr>
<td>Federal flow through</td>
<td>50,866,614</td>
<td>55,319,225</td>
</tr>
<tr>
<td>New York State</td>
<td>72,726,150</td>
<td>65,200,208</td>
</tr>
<tr>
<td>Private and other</td>
<td>34,305,426</td>
<td>52,158,042</td>
</tr>
<tr>
<td></td>
<td><strong>$209,871,576</strong></td>
<td><strong>211,424,250</strong></td>
</tr>
</tbody>
</table>

(f) **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.

(g) **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, the cost and the related accumulated depreciation and amortization is removed from the accounts and a gain or loss is recorded. Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was $61.0 million and $68.7 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.

(h) **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;
(2) Purchases of capitalized equipment or intangible assets under sponsored programs related to economic development, recognized into revenue over the life of the asset;

(3) 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.

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 and intangible assets purchased under sponsored programs related to economic development.

(i) 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 $2.6 million and $2.7 million as of June 30, 2018 and 2017, respectively.

(j) 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 deficit 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.

(k) 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 note 5 for additional information regarding fair value considerations with respect to investments.

(l) Tax Status
The RF 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.
On December 22, 2017, Public Law No. 115-97, also known as the Tax Cuts and Jobs Act (TCJA), was signed into law. TCJA includes generally applicable provisions, and several provisions that are specific to tax-exempt organizations such as the RF. Management has reviewed these provisions and their potential impact.

Management has determined there are no uncertain tax positions as of June 30, 2018 and 2017, and has concluded the enactment of TCJA will not have a material effect on the operations of the organization.

(m) 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, 2018 and 2017 is approximately $6.0 million and $6.8 million, respectively.

The RF has two $10 million endowment grants from the National Institute on Minority Health and Health Disparities (NIMHD), which are to be paid to the RF over a five-year period. 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, 2018 and 2017, the fair value of the funds was $8.0 million and $3.9 million, respectively. These balances were included in Investments and Net Assets (Deficit) on the Balance Sheets. Contributions of these funds of $4.0 million and $1.8 million are reflected in the Statements of Activities for the years ended June 30, 2018 and 2017, respectively, as other research-related income. The adjustments to fair value, net of related custodial expenses, of $0.2 million in both 2018 and 2017, are also reflected in the Statements of Activities for the years ended June 30, 2018 and 2017, respectively.

Aside from the NIHMD endowment balances, the RF’s net assets have no other donor-imposed restrictions.

(n) Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

(3) Affiliated Organizations

The RF has established partnerships to accelerate the growth of sponsored program and applied research opportunities at SUNY. Unless otherwise noted, these organizations are not controlled by or significantly influenced by the RF and do not impact the RF’s financial statements. The affiliated organizations are as follows:

(a) BioBAT, 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 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 include its share of the net earnings/loss of BSA based on the operating results for the years ended June 30, 2018 and 2017. 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) Empire Discovery Institute

Empire Discovery Institute (EDI) is a private, not-for-profit corporation, formed by the RF (acting on behalf of the University at Buffalo), along with the University of Rochester, and Roswell Park Comprehensive Cancer Center, during the fiscal year ended June 30, 2018. EDI was established to
provide infrastructure, funding and cross-institutional support for science research and education as well as scientific business ventures.

(h) Fort Schuyler Management Corporation
Fort Schuyler Management Corporation (FSMC) is a private, not-for-profit corporation, formed by the RF and the SUNY Polytechnic Institute Foundation. FSMC’s objectives are to facilitate research and economic development activities of SUNY by purchasing, constructing, developing and managing research focused facilities on behalf of SUNY Poly at locations in Utica, Buffalo and various locations in New York State.

(i) Fuller Road Management Corporation
Fuller Road Management Corporation (FRMC) is a private, not-for-profit corporation formed by the RF and the SUNY Polytechnic Institute 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.

(j) 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.

(k) 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 academic medical centers. 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.

(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.
(4) Investments

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$3,676,861</td>
<td>1,279,834</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>11,218,474</td>
<td>17,443,901</td>
</tr>
<tr>
<td>Income from investment in BSA partnership</td>
<td>2,485,005</td>
<td>2,049,622</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td><strong>$17,380,340</strong></td>
<td><strong>20,773,357</strong></td>
</tr>
</tbody>
</table>

(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:

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 are made using NAV per share or its equivalent as a practical expedient are not categorized in the fair value hierarchy.

The investments in the 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 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, 2018 and 2017, the RF’s investments as well as the liquidity redemption and notification provisions:

<table>
<thead>
<tr>
<th>2018</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Redemption frequency</th>
<th>Days notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$130,179,440</td>
<td>130,179,440</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Mutual and exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. government fixed income</td>
<td>43,838,504</td>
<td>43,838,504</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>22,660,997</td>
<td>22,660,997</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>1,105,483</td>
<td>1,105,483</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>17,858,201</td>
<td>17,858,201</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1-15</td>
</tr>
<tr>
<td>Real estate</td>
<td>12,922,289</td>
<td>12,922,289</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>213,848</td>
<td>213,848</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>4</td>
</tr>
<tr>
<td>Investments measured at NAV or its equivalent:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>27,184,338</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>45 to 95</td>
</tr>
<tr>
<td>Credit securities</td>
<td>14,760,829</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>30 to 45</td>
</tr>
<tr>
<td>Global equities</td>
<td>29,117,560</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>30 to 90</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>40,414,054</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly</td>
<td>90</td>
</tr>
<tr>
<td>Private equity</td>
<td>15,559,184</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See (a) below</td>
<td>N/A</td>
</tr>
<tr>
<td>Pooled endowments</td>
<td>7,979,153</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See (b) below</td>
<td>N/A</td>
</tr>
<tr>
<td>Total investments at fair value</td>
<td>363,793,880</td>
<td>228,778,762</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in BSA partnership</td>
<td>3,260,787</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total investments</td>
<td>$367,054,667</td>
<td>228,778,762</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Investments:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Redemptions frequency</th>
<th>Days notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$ 47,767,310</td>
<td>47,767,310</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Mutual and exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. government fixed income</td>
<td>24,386,226</td>
<td>24,386,226</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>5,215,212</td>
<td>5,215,212</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>1,959,064</td>
<td>1,959,064</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>13,040,137</td>
<td>13,040,137</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1-15</td>
</tr>
<tr>
<td>Real estate</td>
<td>6,435,101</td>
<td>6,435,101</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>3,319,051</td>
<td>3,319,051</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>4</td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>18,484,548</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>45 to 95</td>
</tr>
<tr>
<td>Credit securities</td>
<td>11,417,835</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>30 to 45</td>
</tr>
<tr>
<td>Global equities</td>
<td>30,725,940</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly/Annly</td>
<td>30 to 90</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>30,675,149</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly</td>
<td>90</td>
</tr>
<tr>
<td>Private equity</td>
<td>14,196,513</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See (a) below</td>
<td>N/A</td>
</tr>
<tr>
<td>Pooled endowments</td>
<td>3,904,940</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See (b) below</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total investments at fair value</strong></td>
<td>$ 211,527,026</td>
<td>102,122,101</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in BSA partnership</td>
<td>2,985,318</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$ 214,512,344</td>
<td>102,122,101</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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(l). 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.

There has been no transfer activity among levels for investments during fiscal years 2018 and 2017. The RF has unfunded commitments to private equity investments as of June 30, 2018 of approximately $10.5 million.
(6) Other Assets and Other Liabilities

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties receivable</td>
<td>$1,660,000</td>
<td>$2,755,763</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$77,941</td>
<td>$27,741</td>
</tr>
<tr>
<td><strong>Total other current assets</strong></td>
<td>$1,737,941</td>
<td>$2,783,504</td>
</tr>
<tr>
<td><strong>Noncurrent:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation assets</td>
<td>$7,191,234</td>
<td>$6,808,223</td>
</tr>
<tr>
<td><strong>Total other noncurrent assets</strong></td>
<td>$7,191,234</td>
<td>$6,808,223</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>$8,929,175</td>
<td>$9,591,727</td>
</tr>
<tr>
<td><strong>Other liabilities – noncurrent:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation obligation</td>
<td>$7,191,234</td>
<td>$6,808,223</td>
</tr>
<tr>
<td>Interest rate swap agreement</td>
<td>$454,099</td>
<td>$669,352</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>$7,645,333</td>
<td>$7,477,575</td>
</tr>
</tbody>
</table>

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, 2018 and 2017, respectively, the assets consist of mutual funds of approximately $3.3 million and $2.9 million, which involve Level 1 inputs under the fair value hierarchy, variable annuities of approximately $2.7 million and $2.7 million, which are recorded at NAV, and fully benefit-responsive annuity contracts of approximately $1.2 million and $1.2 million, which are recorded at contract value.

As indicated in note 11(b), the RF currently has an interest rate swap that is adjusted, through net deficit, to fair value involving Level 2 inputs under the fair value hierarchy.
(7) Fixed Assets

<table>
<thead>
<tr>
<th>Fixed asset classification</th>
<th>Fixed asset June 30, 2017</th>
<th>Additions</th>
<th>Dispositions/retirements</th>
<th>Placed in service</th>
<th>Fixed asset June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$6,500,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Building – capital lease</td>
<td>317,704,048</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>317,704,048</td>
</tr>
<tr>
<td>Research and office equipment</td>
<td>170,176,376</td>
<td>21,346,966</td>
<td>(43,874,044)</td>
<td>32,743,894</td>
<td>180,393,192</td>
</tr>
<tr>
<td>Information systems</td>
<td>25,462,324</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>25,462,324</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>43,271,804</td>
<td>41,945,582</td>
<td>(6,799,010)</td>
<td>(32,743,894)</td>
<td>45,674,482</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>563,114,552</td>
<td>63,292,548</td>
<td>(50,673,054)</td>
<td>—</td>
<td>575,734,046</td>
</tr>
</tbody>
</table>

Less accumulated depreciation:

<table>
<thead>
<tr>
<th>Fixed asset classification</th>
<th>Accumulated depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>1,950,000</td>
</tr>
<tr>
<td>Building – capital lease</td>
<td>89,354,263</td>
</tr>
<tr>
<td>Research and office equipment</td>
<td>93,909,819</td>
</tr>
<tr>
<td>Information systems</td>
<td>26,443,600</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>210,657,682</td>
</tr>
</tbody>
</table>

Fixed assets, net $352,456,870

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.

“Dispositions/retirements” as presented above includes research equipment assets with a cost of $49.3 million and a net book value of $25.1 million that were either retired or designated for scrap disposal, as a result of the discontinuance of certain programs at SUNY Poly. $23.7 million of that net book value reduction was recorded as a reduction to deferred revenue, as this portion had not yet been recognized into revenue over the life of the asset as described in note 2(h).
(8) Intangible Assets

<table>
<thead>
<tr>
<th>Intangible Asset Classification</th>
<th>Intangible Assets June 30, 2017</th>
<th>Additions</th>
<th>Dispositions/Retirements</th>
<th>Intangible Assets June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology licenses</td>
<td>$99,200,000</td>
<td>—</td>
<td>—</td>
<td>$99,200,000</td>
</tr>
<tr>
<td>Capitalized software</td>
<td>8,029,824</td>
<td>—</td>
<td>—</td>
<td>8,029,824</td>
</tr>
<tr>
<td>Total intangible assets</td>
<td>107,229,824</td>
<td>—</td>
<td>—</td>
<td>107,229,824</td>
</tr>
</tbody>
</table>

Less accumulated amortization:

<table>
<thead>
<tr>
<th>Intangible Asset Classification</th>
<th>Additions</th>
<th>Dispositions/Retirements</th>
<th>Total Accumulated Amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology licenses</td>
<td>61,627,286</td>
<td>—</td>
<td>74,205,857</td>
</tr>
<tr>
<td>Capitalized software</td>
<td>2,803,138</td>
<td>—</td>
<td>4,409,103</td>
</tr>
<tr>
<td>Total accumulated amortization</td>
<td>64,430,424</td>
<td>—</td>
<td>78,614,960</td>
</tr>
</tbody>
</table>

Intangible assets, net

| Intangible assets, net | 42,799,400 | (14,184,536) | — | 28,614,864 |

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

Fiscal year ending:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$12,538,000</td>
</tr>
<tr>
<td>2020</td>
<td>7,547,000</td>
</tr>
<tr>
<td>2021</td>
<td>4,422,000</td>
</tr>
<tr>
<td>2022</td>
<td>1,966,000</td>
</tr>
<tr>
<td>2023</td>
<td>1,429,000</td>
</tr>
</tbody>
</table>

(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 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 $234.9 million and $217.4 million as of June 30, 2018 and 2017, 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 6,800 and 7,100 participants in the plan as of July 1, 2017 and 2016.

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$351,049,609</td>
<td>$357,982,617</td>
</tr>
<tr>
<td>Service cost</td>
<td>10,373,062</td>
<td>11,570,036</td>
</tr>
<tr>
<td>Interest cost</td>
<td>12,330,180</td>
<td>11,995,430</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>1,460,622</td>
<td>1,051,845</td>
</tr>
<tr>
<td>Retiree drug subsidy receipts</td>
<td>—</td>
<td>243,802</td>
</tr>
<tr>
<td>Actuarial gain</td>
<td>(32,416,371)</td>
<td>(19,281,500)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(9,408,513)</td>
<td>(12,512,621)</td>
</tr>
<tr>
<td>Benefit obligation at end of year</td>
<td>$333,388,589</td>
<td>$351,049,609</td>
</tr>
</tbody>
</table>

| Change in plan assets: |             |             |
| Fair value of plan assets at beginning of year | 217,425,462 | 176,346,876 |
| Return on plan assets   | 19,908,336  | 22,160,487  |
| Employer contributions  | 5,492,589   | 30,135,073  |
| Plan participants’ contributions | 1,460,622  | 1,051,845   |
| Retiree drug subsidy receipts | —         | 243,802     |
| Benefits paid           | (9,408,513) | (12,512,621)|
| Fair value of plan assets at end of year | 234,878,496 | 217,425,462 |
| Funded status and amount recognized in balance sheet | $(98,510,093) | $(133,624,147) |
| Reserve for future postretirement benefit costs: |             |             |
| Prior service credit    | $205,191,027 | 239,666,718 |
| Net actuarial loss      | (159,876,225)| (214,963,584)|
| Total                   | $45,314,802 | 24,703,134  |

Weighted average assumptions used to determine benefit obligation:

- Discount rate at end of year | 4.05% | 3.71%
Components of net periodic benefit cost:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$10,373,062</td>
<td>11,570,036</td>
</tr>
<tr>
<td>Interest cost</td>
<td>12,330,180</td>
<td>11,995,430</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(14,809,703)</td>
<td>(13,668,548)</td>
</tr>
<tr>
<td>Amortization of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(34,475,691)</td>
<td>(38,023,691)</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>17,572,355</td>
<td>23,503,679</td>
</tr>
<tr>
<td>Net periodic benefit gain</td>
<td>$ (9,009,797)</td>
<td>(4,623,094)</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine net periodic benefit cost:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate for the year</td>
<td>3.71%</td>
<td>3.40%</td>
</tr>
<tr>
<td>Expected long-term rate of return</td>
<td>7.00</td>
<td>7.00</td>
</tr>
</tbody>
</table>

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial gain</td>
<td>$37,515,004</td>
<td>27,773,439</td>
</tr>
<tr>
<td>Amortization of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(34,475,691)</td>
<td>(38,023,691)</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>17,572,355</td>
<td>23,503,679</td>
</tr>
<tr>
<td>Total recognized as increase in net assets</td>
<td>$20,611,668</td>
<td>13,253,427</td>
</tr>
</tbody>
</table>

Expected amounts to be amortized from net assets into net periodic benefit cost for fiscal year ended 2018 include prior service credit of $32.2 million and actuarial loss of $13.2 million.

Estimated net benefit payments over future years are as follows:

<table>
<thead>
<tr>
<th>Fiscal year ending</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024–2028</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,984,000</td>
<td>14,049,000</td>
<td>15,011,000</td>
<td>16,061,000</td>
<td>17,164,000</td>
<td>96,559,000</td>
</tr>
</tbody>
</table>
For measurement purposes, the initial trend rates vary by coverage. The health maintenance organization rate is 7.00%, the preferred provider organization (PPO) rate is 7.00%, the PPO prescription rate is 9.50%, and administrative fees are 5.00%. Trend rates grade down to an ultimate rate between 4.60% and 5.45% in 2025 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:

<table>
<thead>
<tr>
<th>One-percentage point</th>
<th>increase</th>
<th>decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on total service and interest cost components</td>
<td>$4,554,536</td>
<td>$(3,562,243)</td>
</tr>
<tr>
<td>Effect on postretirement benefit obligation</td>
<td>$54,278,943</td>
<td>$(43,794,373)</td>
</tr>
</tbody>
</table>

(c) Fair Value of Plan Assets

The following tables summarize as of June 30, 2018 and 2017, 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.

<table>
<thead>
<tr>
<th>2018</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Redemption frequency</th>
<th>Days’ notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$7,498,949</td>
<td>7,498,949</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Mutual and exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. government fixed income</td>
<td>22,220,962</td>
<td>22,220,962</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>14,883,626</td>
<td>14,883,626</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>3,620,821</td>
<td>3,620,821</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>16,184,310</td>
<td>16,184,310</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1-15</td>
</tr>
<tr>
<td>Real estate</td>
<td>10,949,769</td>
<td>10,949,769</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>2,890,496</td>
<td>2,890,496</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Investments measured at NAV or its equivalent:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>20,403,378</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>45 to 95</td>
</tr>
<tr>
<td>Global equities</td>
<td>47,751,381</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly/Annually</td>
<td>30 to 90</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>54,381,937</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly</td>
<td>90</td>
</tr>
<tr>
<td>Private equity</td>
<td>34,929,967</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See note 5(a)</td>
<td>N/A</td>
</tr>
<tr>
<td>$234,878,496</td>
<td>78,248,933</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Investments:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Frequency</td>
<td>Notice</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$1,136,936</td>
<td>1,136,936</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Mutual and exchange traded funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. government fixed income</td>
<td>24,831,182</td>
<td>24,831,182</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>9,475,614</td>
<td>9,475,614</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>5,289,474</td>
<td>5,289,474</td>
<td>—</td>
<td>—</td>
<td>Daily 1</td>
<td>1-15</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>18,451,173</td>
<td>18,451,173</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Real estate</td>
<td>10,170,976</td>
<td>10,170,976</td>
<td>—</td>
<td>—</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Investments measured at NAV or its equivalent:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absolute multistrategy return</td>
<td>17,421,811</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Monthly/Quarterly</td>
<td>45 to 95</td>
</tr>
<tr>
<td>Global equities</td>
<td>50,733,659</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly/Annually</td>
<td>30 to 90</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>49,285,665</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>Quarterly</td>
<td>90</td>
</tr>
<tr>
<td>Private equity</td>
<td>30,628,972</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>See note 5(a)</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>$217,425,462</td>
<td>69,355,355</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There has been no transfer activity among levels for investments during fiscal years 2018 and 2017. The RF has unfunded commitments to the plan’s private equity investments at June 30, 2018 of approximately $23.1 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, 2018, as shown in the table below, is expected to meet the plan’s expected return:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Long-term target</th>
<th>Short-term target</th>
<th>Ranges</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1%</td>
<td>1%</td>
<td>0%–10%</td>
<td>1%</td>
</tr>
<tr>
<td>Fixed income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>8%</td>
<td>5%</td>
<td>0%–30%</td>
<td>4%</td>
</tr>
<tr>
<td>Credit</td>
<td>4</td>
<td>4</td>
<td>0%–20%</td>
<td>5</td>
</tr>
<tr>
<td>Private debt</td>
<td>9</td>
<td>3</td>
<td>0%–20%</td>
<td>3</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global equities</td>
<td>35%</td>
<td>38%</td>
<td>20%–50%</td>
<td>41%</td>
</tr>
<tr>
<td>Hedged equities</td>
<td>15</td>
<td>19</td>
<td>0%–25%</td>
<td>19</td>
</tr>
<tr>
<td>Private equity</td>
<td>10</td>
<td>7</td>
<td>0%–25%</td>
<td>7</td>
</tr>
<tr>
<td>Absolute return</td>
<td>5%</td>
<td>7%</td>
<td>0%–20%</td>
<td>6%</td>
</tr>
<tr>
<td>Real assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation-protected</td>
<td>3%</td>
<td>6%</td>
<td>0%–10%</td>
<td>5%</td>
</tr>
<tr>
<td>Commodities</td>
<td>—</td>
<td>—</td>
<td>0%–10%</td>
<td>—</td>
</tr>
<tr>
<td>Global real estate</td>
<td>10</td>
<td>10</td>
<td>5%–20%</td>
<td>9</td>
</tr>
</tbody>
</table>

**(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 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, 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, 2018 and 2017 was approximately $363.5 million and $368.3 million, respectively. The RF retirement plan contributions were approximately $31.3 million and $31.4 million for the years ended June 30, 2018 and 2017, respectively. These contributions are equal to 100% of the required contributions for the year.
(11) Long-Term Obligations

Long-term obligations:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital lease obligation; see note (a) below</td>
<td>$250,943,913</td>
<td>$265,420,013</td>
</tr>
<tr>
<td>Bonds payable to Albany Industrial Development Agency (AIDA); see note (b) below</td>
<td>4,065,000</td>
<td>4,270,000</td>
</tr>
<tr>
<td>Note payable to Citizens Bank; see note (c) below</td>
<td>5,303,571</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total long-term obligations</strong></td>
<td><strong>$260,312,484</strong></td>
<td><strong>$269,690,013</strong></td>
</tr>
</tbody>
</table>

(a) The RF is party to a capital lease for the NanoFabXtension (NFX) facility with FRMC. The lease commenced on January 1, 2013 and expires on December 31, 2028. During the lease term, the RF’s payments under the capital lease will be an annual amount equal to the greater of (a) $36 million or (b) all scheduled payments of principal and interest and related payments due under a credit agreement that FRMC has with a financial institution for financing of the NFX facility.

(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 bonds payable mature in 2032.

(c) 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 marketable securities.

Future scheduled payments as of June 30, 2018 are as follows:

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Capital lease obligation</th>
<th>Bonds and notes payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Interest</td>
<td>Principal</td>
</tr>
<tr>
<td>2019</td>
<td>$15,711,800</td>
<td>20,288,200</td>
</tr>
<tr>
<td>2020</td>
<td>17,052,981</td>
<td>18,947,019</td>
</tr>
<tr>
<td>2021</td>
<td>18,508,646</td>
<td>17,491,354</td>
</tr>
<tr>
<td>2022</td>
<td>20,088,570</td>
<td>15,911,430</td>
</tr>
<tr>
<td>2023</td>
<td>21,803,357</td>
<td>14,196,643</td>
</tr>
<tr>
<td>Thereafter</td>
<td>157,778,559</td>
<td>40,221,442</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$250,943,913</strong></td>
<td><strong>127,056,088</strong></td>
</tr>
</tbody>
</table>
Line of Credit

The RF maintains unsecured lines of credit, with no fixed maturity date, in the amount of $65.0 million of which $31.8 million and $28.7 million were outstanding as of June 30, 2018 and 2017, respectively. During the year ended June 30, 2018, the borrowing rates ranged between 1.81 - 2.875%. The terms of the lines 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) Operating 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, 2018, for lease terms in excess of one year are as follows:

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>FRMC</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$9,714,458</td>
<td>6,256,746</td>
<td>16,971,204</td>
</tr>
<tr>
<td>2020</td>
<td>9,714,458</td>
<td>6,182,148</td>
<td>15,896,606</td>
</tr>
<tr>
<td>2021</td>
<td>7,464,458</td>
<td>5,757,007</td>
<td>13,221,465</td>
</tr>
<tr>
<td>2022</td>
<td>7,014,458</td>
<td>2,902,846</td>
<td>9,917,304</td>
</tr>
<tr>
<td>2023</td>
<td>7,014,458</td>
<td>2,331,367</td>
<td>9,345,825</td>
</tr>
<tr>
<td>Thereafter</td>
<td>85,927,111</td>
<td>8,284,637</td>
<td>94,211,748</td>
</tr>
<tr>
<td>Total</td>
<td>$126,849,401</td>
<td>31,714,751</td>
<td>158,564,152</td>
</tr>
</tbody>
</table>

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, 2018 and 2017 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.

(c) 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 incidence 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) 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, 2018 were available to be issued on October 23, 2018 and subsequent events have been evaluated through that date.