

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

Financial Statements

June 30, 2026 with Summarized Comparative Information
for the year ended June 30, 2025

(With Report of Independent Certified Public Accountants Thereon)

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

June 30, 2026 and 2025

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the audit of the financial statements**Opinion**

We have audited the financial statements of The Research Foundation for The State University of New York (the Foundation), which comprise the balance sheets as of June 30, 2026, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other matter

Report on 2025 summarized comparative information

We have previously audited the Foundation's 2025 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2025. In our opinion, the accompanying summarized comparative information for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.



New York, New York
October 9, 2026

**THE RESEARCH FOUNDATION FOR
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Balance Sheets

June 30, 2026 and June 30, 2025

	6/30/2026	6/30/2025
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,639,088	109,100
Accounts receivable, net	301,114,134	301,360,307
Advances to others	35,307,422	24,533,424
Investments	937,474,718	641,445,533
Due from broker for securities sold	18,938	45,606,005
Other current assets	683,120	26,245,921
Total current assets	<u>1,276,237,420</u>	<u>1,039,300,290</u>
Noncurrent Assets:		
Investments	240,977,234	186,449,399
Fixed assets, net	516,647,407	546,034,767
Right-of-use asset related to operating leases, net	77,846,269	89,184,727
Intangible assets, net	5,059,053	6,974,578
Post-retirement benefit asset	71,198,609	54,535,773
Other noncurrent assets	11,885,417	15,441,971
Total noncurrent assets	<u>923,613,989</u>	<u>898,621,215</u>
Total assets	<u><u>2,199,851,409</u></u>	<u><u>1,937,921,505</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	154,299,736	174,118,553
Deferred revenue	577,052,115	288,652,049
Deposits held for others	44,653,569	41,905,971
Due to broker for securities purchased	-	12,560,528
Current portion of operating lease obligations	8,619,961	9,825,034
Current portion of finance lease obligations	30,256,648	27,877,027
Current portion of long-term debt	275,000	270,000
Line of credit	5,900,000	8,947,767
Other current liabilities	10,069,053	-
Total current liabilities	<u>831,126,082</u>	<u>564,156,929</u>
Noncurrent Liabilities:		
Operating lease obligations, net of current portion	69,851,640	79,878,680
Finance lease obligations, net of current portion	50,295,805	80,552,453
Long-term debt, net of current portion	1,865,000	2,140,000
Other liabilities	11,656,350	10,198,964
Total noncurrent liabilities	<u>133,668,795</u>	<u>172,770,097</u>
Total liabilities	<u>964,794,877</u>	<u>736,927,026</u>
Net Assets:		
Without donor restrictions	1,197,430,577	1,166,601,716
With donor restrictions	37,625,955	34,392,763
Total net assets	<u>1,235,056,532</u>	<u>1,200,994,479</u>
Total liabilities and net assets	<u><u>\$ 2,199,851,409</u></u>	<u><u>1,937,921,505</u></u>

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

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

Statement of Activities

Period ended June 30, 2026 with summarized totals for 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2026 Total</u>	<u>2025 Total</u>
Revenue:				
Grants for research and other sponsored activities:				
Federal	\$ 430,352,639	-	430,352,639	444,590,381
Federal flow through	148,733,799	-	148,733,799	192,208,257
New York State	92,423,040	-	92,423,040	300,812,124
Private and other	423,190,943	-	423,190,943	400,914,275
Total grants for research and other sponsored activities	1,094,700,421	-	1,094,700,421	1,338,525,037
Indirect cost recoveries				
Federal	127,820,166	-	127,820,166	132,262,407
Federal flow through	34,253,502	-	34,253,502	37,199,269
New York State	10,110,991	-	10,110,991	9,627,297
Private and other	26,407,271	-	26,407,271	25,575,013
Total indirect cost recoveries	198,591,930	-	198,591,930	204,663,986
Other research-related income				
Inventions and licenses income	5,807,344	-	5,807,344	4,081,643
Third party service center	12,119,565	-	12,119,565	9,962,502
Agency fees	6,998,438	-	6,998,438	7,570,332
Institutional support funding	11,333,580	-	11,333,580	25,694,741
Other	1,271,201	-	1,271,201	142,259
Total other research-related income	37,530,128	-	37,530,128	47,451,477
Investment income, net	99,035,539	4,810,627	103,846,166	83,057,965
Net assets released from restrictions	1,577,435	(1,577,435)	-	-
Total revenue	1,431,435,453	3,233,192	1,434,668,645	1,673,698,465
Expenses:				
Sponsored programs and other activities	1,099,314,492	-	1,099,314,492	1,141,813,622
Indirect administrative and support expenses	287,537,785	-	287,537,785	271,415,335
Other research-related expenses	19,862,656	-	19,862,656	22,060,074
Total expenses	1,406,714,933	-	1,406,714,933	1,435,289,031
Change in net assets from revenue and expenses	24,720,520	3,233,192	27,953,712	238,409,434
Changes in net assets related to postretirement other than net benefit cost	11,434,559	-	11,434,559	13,936,044
Changes in net assets related to postretirement net benefit cost except service cost	9,703,130	-	9,703,130	20,595,750
Changes in net assets related to forward currency contract	(15,029,348)	-	(15,029,348)	30,512,897
Change in net assets	30,828,861	3,233,192	34,062,053	303,454,125
Net assets at beginning of year	1,166,601,716	34,392,763	1,200,994,479	897,540,354
Net assets at end of year	\$ 1,197,430,577	37,625,955	1,235,056,532	1,200,994,479

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

**THE RESEARCH FOUNDATION FOR
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Statements of Cash Flows

Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Federal grants and contracts	\$ 779,718,966	767,519,801
State and local grants and contracts	341,840,456	304,291,831
Private gifts and grants	452,033,561	383,047,622
Other receipts	252,752,913	243,688,116
Salaries and wages payments	(578,446,632)	(555,245,755)
Employee benefits payments	(196,258,697)	(188,573,981)
Payments to suppliers and vendors	(615,118,643)	(599,692,030)
Operating interest and dividends	15,280,523	14,059,989
Distribution from BSA partnership	2,097,933	1,960,500
Interest payments on capital debt and notes	(8,211,982)	(10,413,052)
Other payments	(133,914,399)	(142,402,413)
Net cash provided by operating activities	<u>311,773,999</u>	<u>218,240,628</u>
Cash flows from investing activities:		
Proceeds from sales of investments	158,542,897	160,245,951
Purchases of investments	(97,981,148)	(131,702,903)
Cash paid for purchases of fixed and intangible assets	(19,221,609)	(222,944,095)
Net cash used in investing activities	<u>41,340,140</u>	<u>(194,401,047)</u>
Cash flows from financing activities:		
Principal payments on long-term debt and capital lease obligations	(28,147,027)	(26,533,843)
Proceeds from line of credit	71,107,499	20,726,101
Payments on line of credit	(74,155,266)	(11,778,334)
Net cash used in financing activities	<u>(31,194,794)</u>	<u>(17,586,076)</u>
Net increase in cash and cash equivalents	321,919,345	6,253,505
Cash and cash equivalents, beginning of year	<u>118,145,893</u>	<u>111,892,388</u>
Cash and cash equivalents, end of year	<u>\$ 440,065,238</u>	<u>118,145,893</u>

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

**THE RESEARCH FOUNDATION FOR
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Notes to Financial Statements

June 30, 2026 and 2025

(1) Organization

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the RF's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

(b) Use of Estimates

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

(c) Net Asset Classes

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

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

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

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The RF has three \$10 million term endowment grants from the National Institute on Minority Health and Health Disparities (NIMHD), two of which were fully collected by the RF. The third endowment grant was awarded in June 2023 and scheduled to be received in \$2.0 million increments over the first five year-periods of the grant. As of June 30, 2026, \$2.0 million is included in accounts receivables for this grant. The endowments are invested on behalf of the RF by the University at Albany Foundation (UAF) and the Health Science Center at Brooklyn Foundation, Inc. (HSCBF) under long-term service agreements. As of June 30, 2026 and 2025, the net asset balance of the funds were \$37.6 million and \$34.4 million, respectively. Under these grants, the endowment returns are to be used to facilitate minority health and health disparities research.

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

(d) Revenue Recognition

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions designated by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The RF has elected the simultaneous release policy, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. The RF recognizes reimbursement of facilities and administrative costs relating to government and other contracts and grants at authorized rates each year. Although not a condition or barrier to revenue recognition, all funds expended in connection with government grants and contracts are subject to audit by granting agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on the RF's financial position. Amounts received in excess of revenue recognized are recorded as deferred revenue. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$1,293.3 million and \$1,543.2 million for the years ended June 30, 2026 and 2025, respectively. Payments received from sponsors in advance of conditions being met are reported as deferred revenue, which totaled \$580.6 million and \$271.8 million as of June 30, 2026 and 2025, respectively.

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

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

Inventions and licenses income consists of royalties earned from licenses and is recognized on the accrual basis when the performance obligations to provide the licenses occur. 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.

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Notes to Financial Statements

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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.

(e) Cash Equivalents

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

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

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 1,639,088	109,100
Current investments (see note 4)	<u>438,426,150</u>	<u>118,036,793</u>
Total cash and cash equivalents shown in the statements of cash flows	\$ <u><u>440,065,238</u></u>	<u><u>118,145,893</u></u>

(f) 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 estimated credit loss. The RF's estimated credit losses as of June 30, 2026 and 2025 was \$20.1 million and \$19.6 million, respectively.

Accounts receivable, net of estimated credit losses, is summarized as follows as of June 30:

	<u>2026</u>	<u>2025</u>
Accounts receivable		
Federal	\$ 99,508,927	103,752,960
Federal flow through	66,768,446	72,525,565
New York State	90,605,100	89,536,883
Private and other	<u>44,231,661</u>	<u>35,544,899</u>
	\$ <u><u>301,114,134</u></u>	<u><u>301,360,307</u></u>

**THE RESEARCH FOUNDATION FOR
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Notes to Financial Statements

June 30, 2026 and 2025

(g) 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.

(h) Fixed and Intangible Assets

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

Upon sale or retirement of capitalized assets, both the cost and the related accumulated depreciation and amortization are removed from the accounts and a gain or loss is recorded. Depreciation and amortization expense for the years ended June 30, 2026 and 2025 was \$81.9 million and \$90.4 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.

(i) Leases

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

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

(j) Deferred Revenue

Deferred revenue includes:

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

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Notes to Financial Statements

June 30, 2026 and 2025

(k) *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 \$4.3 million and \$3.4 million as of June 30, 2026 and 2025, respectively.

(l) *Postretirement Benefit Obligation*

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

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

(m) *Fair Value of Financial Instruments*

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

(n) *Tax Status*

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

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

Management has determined there are no uncertain tax positions as of June 30, 2026 and 2025. The RF is subject to routine audits by taxing jurisdiction and believes that it is no longer subject to income tax examinations for years prior to the year ended June 2022.

(o) *Other Information*

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

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Notes to Financial Statements

June 30, 2026 and 2025

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, 2026 and 2025 is approximately \$9.5 million and \$11.7 million, respectively.

(p) Derivative Instruments and Hedging Activities

The RF uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency exchange rates. The RF values these forward contracts at fair market value based on the terms of the contract (including the notional amount and contract duration) and using observable inputs, such as currency exchange rates. This contract helps fix the exchange rate for future foreign currency purchases with maturity dates through October 2026. The notional amount of the foreign currency forward contract outstanding at June 30, 2026 was approximately \$307.6 million with a fair value of \$(10.1 million) which is included in other current liabilities on the balance sheet. Gains and losses of the RF's forward contract are recognized in earnings as a component of "Other Income (Expense)" in the statements of activities.

(q) Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation. These reclassifications had no impact on the total assets, liabilities, net assets or change in net assets presented for the prior year.

(3) Liquidity and Availability

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

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 1,639,088	109,100
Accounts receivable, net	299,114,134	295,360,307
Investments	937,474,718	641,445,533
Due from broker for securities sold	<u>18,938</u>	<u>45,606,005</u>
Total financial assets available within one year	\$ <u><u>1,238,246,878</u></u>	<u><u>982,520,945</u></u>

The RF's annual cash flows are dependent on spending, billing and collections on thousands of individual sponsored awards across 30 campus locations. Cash-basis direct sponsored program spending, including capital equipment purchases, aggregated \$1,072.9 million and \$1,279.5 million during the years ended June 30, 2026 and 2025, respectively.

To help manage liquidity, the RF's investment policy ensures the RF has access to funds, as needed, during the year through allocations to readily redeemable cash equivalent funds, mutual funds, and exchange traded funds (see Note 4). Additionally, the RF maintains lines of credit of \$65 million, of which \$59.1 million is available to draw as of June 30, 2026, (see Note 12) that are drawn upon as needed during the year to manage cash flow.

**THE RESEARCH FOUNDATION FOR
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Notes to Financial Statements

June 30, 2026 and 2025

(4) Fair Value Measurements

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

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

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

Level 3 - Inputs used in valuation are unobservable.

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

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

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

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

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

Forward foreign currency exchange contracts are used by the RF to manage its exposure to certain risks relating to foreign currency denominated transactions. The forward currency contracts are reflected at fair value by using quantitative models that utilize multiple market inputs. Forward contracts are categorized in Level 2 of the fair value hierarchy.

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The following tables summarize, as of June 30, 2026 and 2025, the RF's investments as well as the liquidity redemption and notification provisions:

	2026				Redemption Frequency	Days' Notice
	Total	Level 1	Level 2	Level 3		
Investments at fair value:						
Cash equivalents	\$ 438,426,150	438,426,150	-	-	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	17,418,204	17,418,204	-	-	Daily	1
U.S. equities	37,228,078	37,228,078	-	-	Daily	1
International equities	-	-	-	-	Daily	1
Real estate	44,530,377	44,530,377	-	-	Daily	1
U.S. equities	15,847	15,847	-	-	Daily	4
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	114,110,339	-	-	-	Quarterly	95
Credit securities	25,643,289	-	-	-	Mthly/Qtrly	20 to 60
Global equities	205,931,514	-	-	-	Mthly/Qtrly/Annly	10 to 90
Hedged equities	73,479,147	-	-	-	Annly	90
Private equity	178,441,028	-	-	-	Quarterly	90
Pooled endowments	35,625,955	-	-	-	See (a) below	N/A
Pooled endowments					See (b) below	N/A
Total investments at fair value	1,170,849,928	537,618,656	-	-		
Equity method investments:						
Investment in BSA partnership	2,622,852	-	-	-	See (c) below	N/A
Investment in Upstate Biotech LP	4,979,172	-	-	-	See (d) below	N/A
Total investments	\$ 1,178,451,952	537,618,656	-	-		

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		2025				Redemption Frequency	Days' Notice
		Total	Level 1	Level 2	Level 3		
Investments at fair value:							
Cash equivalents	\$	118,036,795	118,036,795	-	-	Daily	1
Mutual and exchange traded funds:							
U.S. government fixed income		56,087,755	56,087,755	-	-	Daily	1
U.S. equities		52,015,531	52,015,531	-	-	Daily	1
International equities		6,812,233	6,812,233	-	-	Daily	1
Real estate		48,632,823	48,632,823	-	-	Daily	1
U.S. equities		15,847	15,847	-	-	Daily	4
Investments measured at NAV or its equivalent:							
Absolute multistrategy return		98,559,747	-	-	-	Quarterly	95
Credit securities		29,571,844	-	-	-	Mthly/Qtrly	20 to 60
Global equities		192,038,518	-	-	-	Mthly/Qtrly/Annly	10 to 90
Hedged equities		52,566,605	-	-	-	Quarterly	90
Private equity		137,184,100	-	-	-	See (a) below	N/A
Pooled endowments		28,392,763	-	-	-	See (b) below	N/A
Total investments at fair value		819,914,561	281,600,984	-	-		
Equity method investments:							
Investment in BSA partnership		3,001,199	-	-	-	See (c) below	N/A
Investment in Upstate Biotech LP		4,979,172	-	-	-	See (d) below	N/A
Total investments	\$	<u>827,894,932</u>	<u>281,600,984</u>	<u>-</u>	<u>-</u>		

- a) Private equity fund investments include noncontrolling shares or interests in funds where the controlling general partner serves as the investment's manager. Such investments are generally not eligible for redemption from the fund or general partner but can potentially be sold to third-party buyers in private transactions. It is the intent of the RF to hold these investments until the fund has fully distributed all proceeds to the investors.
- b) Under the service agreements with UAF and HSCBF, investment accounts were established at UAF and HSCBF with the funds received by the RF under the NIMHD grants, as described in Note 2(c). These investment accounts are treated as term endowments with the corpus not to be expended for at least 20 years and with an annual distribution of fund income for programmatic spending by the RF. The terms of the UAF and HSCBF agreements are through March 31, 2046 and December 31, 2042, respectively, with further extension possible at the discretion of the parties.
- c) Brookhaven Science Associates, LLC (BSA) is a limited liability company formed by the RF (acting on behalf of Stony Brook University) and Battelle Memorial Institute (Battelle). In 1998, the U.S. Department of Energy selected BSA to operate Brookhaven National Laboratory. BSA net earnings are allocated 50% each to Battelle and the RF. The accompanying financial statements of the RF account for BSA under the equity method for the investment and include its share of the net earnings of BSA based on the operating results for its years ended September 30, 2025, and 2024. The RF records distributions received as a reduction of the investment balance.

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- d) Upstate Biotech Ventures, LP (the Partnership) is an early stage venture capital firm established on July 11, 2024 by Excell Technologies Ventures, Inc. (ETV), the general partner, and The Research Foundation for the State University of New York (RF), the limited partner, in accordance with the terms of an Agreement of Limited Partnership (the Partnership Agreement). The Partnership's general investment strategy is to provide funding for start-up companies in the healthcare industry located primarily in New York State. The accompanying financial statements of the RF account for Upstate Biotech Ventures under the equity method for the investment and include its share of the net earnings of based on the operating results for its years ended June 30, 2026 and 2025. The RF records distributions received as a reduction of the investment balance.

The RF has unfunded commitments to private equity investments as of June 30, 2026 of approximately \$134.8 million to be funded over the next one to five years.

(5) Other Assets and Other Liabilities

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

	2026	2025
Other assets:		
Current:		
Royalties receivable	\$ 480,000	470,000
Forward currency contract	-	25,613,149
Miscellaneous	203,120	162,772
Total other current assets	683,120	26,245,921
Noncurrent:		
Deferred compensation assets	11,602,763	10,105,395
Forward currency contract	-	4,899,748
Miscellaneous	282,654	436,828
Total other noncurrent assets	11,885,417	15,441,971
Total other assets	12,568,537	41,687,892
Other liabilities:		
Current:		
Other current liabilities	10,069,053	-
Other liabilities - noncurrent:		
Deferred compensation obligation	11,602,763	10,105,395
Interest rate swap agreement	53,587	93,569
Total other noncurrent liabilities	11,656,350	10,198,964
Total other liabilities	\$ 21,725,403	10,198,964

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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, 2026 and 2025, the assets consist of mutual funds of approximately \$6.8 million and \$5.2 million, which involve Level 1 inputs under the fair value hierarchy, variable annuities of approximately \$3.6 million and \$3.5 million, which are recorded at NAV, and fully benefit-responsive annuity contracts of approximately \$1.2 million and \$1.4 million, respectively which are recorded at contract value.

As indicated in Note 11(a), the RF currently has an interest rate swap on its outstanding bonds. The value of the swap is adjusted, through net assets without donor restrictions, to fair value involving Level 2 inputs under the fair value hierarchy. As indicated in Note 2(p) and 4, the RF entered into a forward currency contract.

(6) Fixed Assets

<u>Fixed asset classification</u>	<u>2025</u>	<u>Additions</u>	<u>Dispositions /Retirements</u>	<u>Placed in Service</u>	<u>2026</u>
Building	\$ 6,500,000	-	-	-	6,500,000
Building - capital lease	317,704,048	-	-	-	317,704,048
Research and office equipment	678,220,782	48,145,782	(15,953,156)	9,004,966	719,418,374
Information systems	25,462,324	-	-	-	25,462,324
Construction in progress	210,021,280	8,890,827	(2,757,741)	(9,004,966)	207,149,400
Total fixed assets	1,237,908,434	57,036,609	(18,710,897)	-	1,276,234,146
Less: accumulated depreciation					
Building	2,990,000	130,000	-	-	3,120,000
Building - capital lease	248,206,289	19,856,504	-	-	268,062,793
Research and office equipment	415,215,054	61,186,523	(13,459,955)	-	462,941,622
Information systems	25,462,324	-	-	-	25,462,324
Total accumulated depreciation	691,873,667	81,173,027	(13,459,955)	-	759,586,739
Fixed assets, net	\$ 546,034,767	(24,136,418)	(5,250,942)	-	516,647,407

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. Construction in progress at year end primarily relates to an approximately \$500 million advanced microchip tool with an expected completion date during the year ended 2026.

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(7) Intangible Assets

<u>Intangible Asset Classification</u>	<u>2025</u>	<u>Additions</u>	<u>Dispositions/ Retirements</u>	<u>2026</u>
Technology licenses	\$ 1,290,000	-	-	1,290,000
Intellectual property	3,002,952	-	-	3,002,952
Capitalized software	15,685,038	-	-	15,685,038
Total intangible assets	19,977,990	-	-	19,977,990
Less: accumulated amortization				
Technology licenses	414,643	184,286	-	598,929
Intellectual property	300,295	200,197	-	500,492
Capitalized software	12,288,474	1,531,042	-	13,819,516
Total accumulated amortization	13,003,412	1,915,525	-	14,918,937
Intangible assets, net	\$ <u>6,974,578</u>	<u>(1,915,525)</u>	<u>-</u>	<u>5,059,053</u>

(8) Finance and Operating Leases

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

The total expense associated with all finance leases for the years ended June 30, 2026 and 2025 consisted of the following:

	<u>2026</u>	<u>2025</u>
Amortization on finance lease assets included in depreciation and amortization	\$ 19,856,506	19,856,503
Interest on finance lease liabilities included in interest expense	8,122,973	10,315,442
Total	\$ <u>27,979,479</u>	<u>30,171,945</u>

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

<u>Fiscal year:</u>	<u>Finance Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2027	\$ 30,256,648	5,743,352
2028	32,839,397	3,160,603
2029	17,456,408	543,592
Total	\$ <u>80,552,453</u>	<u>9,447,547</u>

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As of June 30, 2026, the RF had operating leases, as lessee, with FRMC and various other entities to lease space as part of its mission to support SUNY research and partnerships. The leases expire over the next three to 13 years. The discount rates used range from 0.83% to 4.88% based on the risk free rate of return at the commencement date of the lease. Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease. Some leases contain variable lease payment escalations based on a set range which could be tied to the consumer price index (CPI). These lease escalations are calculated using the CPI rate at the commencement date of the lease. The RF considered lease extensions and the likelihood of the RF extending the lease in the calculations.

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

In May 2005, the RF, as tenant, and FRMC, as landlord, executed an agreement for the lease of clean room facilities, which are used for nanotechnology-related research and development at SUNY Poly. Rent payments made by the RF pursuant to the agreement for each of the years ended June 30, 2026 and 2025 were approximately \$7 million. The annual rental payments may escalate annually at a rate not to exceed one percent. The term of the lease is from May 20, 2005 through September 30, 2035.

The total cost of operating leases included in occupancy expense as of June 30, 2026 and 2025 was \$9,585,626 and \$11,001,763, respectively.

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

<u>Fiscal year</u>	<u>FRMC</u>	<u>Other</u>	<u>Total</u>
2027	\$ 7,014,458	2,533,478	9,547,936
2028	7,014,458	2,003,198	9,017,656
2029	7,014,458	1,624,658	8,639,116
2030	7,014,458	1,659,323	8,673,781
2031	7,014,458	1,444,971	8,459,429
Thereafter	29,811,447	9,217,648	39,029,095
Total	64,883,737	18,483,276	83,367,013
Less: amounts representing interest	(2,448,866)	(2,446,546)	(4,895,412)
Total	\$ <u>62,434,871</u>	<u>16,036,730</u>	<u>78,471,601</u>

(9) Postretirement Benefit Obligation

(a) Plan Information

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

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(b) Plan Funded Status and Related Assumptions

Annual contributions to fund the plan are made by the RF pursuant to a funding policy established by the RF's Board of Directors. For payment of benefits under the plan, the RF established a VEBA trust with Bank of New York Mellon as the trustee. The VEBA trust held assets of \$364.0 million and \$340.0 million as of June 30, 2026 and 2025, respectively. Current obligations are assumed to be paid out of the trust assets, with any remaining unfunded obligation reflected as a noncurrent liability of the RF. If the assets are in excess of the current obligations they are presented as a noncurrent asset. There were approximately 6,800 and 6,600 participants in the plan as of July 1, 2025 and 2024, respectively.

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

	2026	2025
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 285,380,357	295,101,751
Service cost	4,474,853	5,027,459
Interest cost	15,431,626	15,576,731
Plan participants' contributions	1,693,984	1,802,636
Actuarial gain	5,017,333	(13,879,726)
Benefits paid	(19,411,317)	(18,248,494)
Benefit obligation at end of year	<u>292,586,836</u>	<u>285,380,357</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	339,916,130	320,133,189
Return on plan assets	41,586,648	30,259,311
Employer contributions	-	5,969,488
Plan participants' contributions	1,693,984	1,802,636
Benefits paid	(19,411,317)	(18,248,494)
Fair value of plan assets at end of year	<u>363,785,445</u>	<u>339,916,130</u>
Funded status and amount recognized in balance sheet	<u>71,198,609</u>	<u>54,535,773</u>
Amounts not yet reflected in net periodic benefit cost and included in the balance sheet:		
Prior service credit	-	-
Net actuarial loss	(25,538,850)	(14,104,291)
Total	<u>\$ (25,538,850)</u>	<u>(14,104,291)</u>
Weighted average assumptions used to determine benefit obligation:		
Discount rate at end of year	5.49%	5.36%

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	2026	2025
Components of net periodic benefit cost		
Service cost	\$ 4,474,853	5,027,459
Interest cost	15,431,626	15,576,731
Expected return on plan assets	(25,134,756)	(23,658,017)
Amortization of:		
Prior service credit	-	(12,514,464)
Actuarial loss	-	-
Net periodic benefit gain	\$ (5,228,277)	(15,568,291)
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate for the year	5.36%	5.29%
Expected long-term rate of return	7.6%	7.6%

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

Estimated net benefit payments over future years are as follows:

Fiscal Year Ending:

2027	\$ 19,610,001
2028	20,134,931
2029	20,373,651
2030	21,057,611
2031	21,616,305
2032-2036	111,609,140

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 6.75%, the PPO prescription rate is 8.00%, and administrative fees are 4.50%. Trend rates grade down to an ultimate rate of 4.50% in 2035 and later.

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

	One-percentage point	
	Increase	Decrease
Effect on total service and interest cost components	\$ 2,728,951	(2,284,961)
Effect on postretirement benefit obligation	35,139,456	(29,719,075)

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(c) Fair Value of Plan Assets

The following tables summarize as of June 30, 2026 and 2025, the RF's defined benefit postretirement plan's investments held in the VEBA trust, including the redemption and notification provisions. The hierarchy and inputs to valuation techniques used to measure fair value of the plan's investments are outlined above in Note 4.

2026						
	Total	Level 1	Level 2	Level 3	Redemption Frequency	Days' Notice
Investments:						
Cash equivalents	\$ 2,819,812	2,819,812	-	-	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	20,809,168	20,809,168	-	-	Daily	1
U.S. equities	29,254,646	29,254,646	-	-	Daily	1
International equities	1,867,520	1,867,520	-	-	Daily	1
Real estate	3,495,072	3,495,072	-	-	Daily	1
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	40,102,316	-	-	-	Quarterly	95
Credit securities	7,119,276	-	-	-	Mthly/Qtrly	20 to 30
Global equities	96,861,996	-	-	-	Mthly/Qtrly/Annly	10 to 90
Hedged equities	33,662,873	-	-	-	Quarterly	90
Private equity	127,792,766	-	-	-	See note 4(a)	N/A
	<u>\$ 363,785,445</u>	<u>58,246,218</u>	<u>-</u>	<u>-</u>		
2025						
	Total	Level 1	Level 2	Level 3	Redemption Frequency	Days' Notice
Investments:						
Cash equivalents	\$ 3,614,961	3,614,961	-	-	Daily	1
Mutual and exchange traded funds:						
U.S. government fixed income	24,377,121	24,377,121	-	-	Daily	1
U.S. equities	22,587,820	22,587,820	-	-	Daily	1
International equities	2,113,269	2,113,269	-	-	Daily	1
Real estate	3,417,402	3,417,402	-	-		
Investments measured at NAV or its equivalent:						
Absolute multistrategy return	34,710,394	-	-	-	Quarterly	95
Credit securities	9,109,919	-	-	-	Mthly/Qtrly	20 to 30
Global equities	91,512,325	-	-	-	Mthly/Qtrly/Annly	10 to 90
Hedged equities	34,811,148	-	-	-	Quarterly	90
Private equity	113,661,771	-	-	-	See note 4(a)	N/A
	<u>\$ 339,916,130</u>	<u>56,110,573</u>	<u>-</u>	<u>-</u>	Daily	1

The RF has unfunded commitments to the plan's private equity investments at June 30, 2026 of approximately \$89.2 million to be funded over the next one to five years.

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(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, 2026, 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	1.0%	5.0%	0-10%	2.4%
Fixed income:				
Government bonds	5.0%	1.0%	0-30%	2.4%
Credit	4.0%	3.0%	0-20%	2.0%
Private debt	9.0%	8.0%	0-20%	10.3%
Equities:				
Global equities	32.0%	34.0%	20-50%	35.0%
Hedged equities	7.0%	7.0%	0-25%	7.6%
Private equity	17.0%	15.0%	0-25%	16.7%
Absolute return	10.0%	10.0%	0-20%	11.0%
Real assets:				
Inflation-protected	5.0%	6.0%	0-10%	3.3%
Commodities	0.0%	0.0%	0-10%	0.0%
Global real estate	10.0%	11.0%	5-20%	9.3%

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(10) Retirement Plan

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

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, 2026 and 2025 was approximately \$500.9 million and \$476.9 million, respectively. The RF retirement plan contributions were approximately \$37.7 million and \$35.8 million for the years ended June 30, 2026 and 2025, respectively. These contributions are equal to 100% of the required contributions for the year.

(11) Long-Term Obligations

	<u>2026</u>	<u>2025</u>
Total debt obligations		
Bonds payable to Albany Industrial Development Agency (AIDA); see Note ^(a) below	\$ 2,140,000	2,410,000
Current portion of long-term obligations	<u>(275,000)</u>	<u>(270,000)</u>
Total long-term obligations	\$ <u>1,865,000</u>	<u>2,140,000</u>

^(a) The RF has an interest rate swap agreement, on the variable-rate AIDA bonds payable, with the Bank of New York to pay a fixed rate of interest of 3.615%. The bonds payable mature in 2032.

Future scheduled payments as of June 30, 2026 are as follows:

<u>Fiscal year:</u>	<u>Bonds and Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2027	\$ 275,000	7,460
2028	285,000	6,320
2029	295,000	5,140
2030	305,000	3,920
2031	315,000	2,660
Thereafter	<u>665,000</u>	<u>1,360</u>
Total	\$ <u>2,140,000</u>	<u>26,860</u>

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

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(12) Lines of Credit

The RF maintains unsecured lines of credit, with no fixed maturity date, in the amount of \$65.0 million, of which \$5.9 million was outstanding as of June 30, 2026 and \$8.9 million was outstanding as of June 30, 2025. During the year ended June 30, 2026, the borrowing rates ranged between 4.75% - 5.975%. 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.

(13) Commitments and Contingencies

(a) Commitments

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

(b) Contingencies

During the ordinary course of business, the RF is exposed to risks associated with legal proceedings and claims. A liability is recognized with respect to legal proceedings and claims if incurrence of a loss is probable and the amount of loss is reasonably estimable. There are two ongoing proceedings which may have an effect on the RF's financial condition and/or cash flows.

The RF has been named as a defendant in a class action lawsuit arising from a zero-day cyber incident involving Oracle's EBS system. No settlement amounts have been agreed upon, and range of potential loss is not reasonably estimable. Accordingly, no liability has been recorded in the accompanying financial statements. The RF maintains insurance coverage that may offset some or all losses incurred in connection with this matter.

A licensee of particular RF owned patents and know-how has brought an action against the RF alleging that it has made overpayments, which the RF disputes. Management, after consultation with legal counsel, has concluded that a loss arising from this matter is reasonably possible but not probable as of June 30, 2026. Accordingly, no accrual has been recorded in the accompanying financial statements.

The Foundation will continue to monitor developments and evaluate the need for recognition or further disclosure in future reporting periods.

(c) Concentration of Funding and Federal Funding Uncertainty

The RF is reliant on federal funding to support a significant portion of its programs and operations. During the years ended June 30, 2026 and 2025, approximately 50% of the RF's total revenue was derived from federal awards. The continuity and level of this funding are dependent on the ongoing availability of Congressional appropriations.

The current political and economic climate has created uncertainty regarding the future availability and level of federal funding for our programs, and it is possible that future funding could be reduced, delayed, or discontinued. If funding is reduced the RF plans to adjust operations to limit an adverse impact on the financial position of the RF.

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(14) Functional Expenses

The statement of activities presents expenses by program classification. The RF also summarizes its expenses by functional and natural classifications. The RF's primary program service is research. Depreciation expense is assigned based on the functional classification of the contract or agreement for which an individual asset was acquired. Postretirement and other benefit expenses are allocated based on the functional classifications of salaries. Expenses, categorized based on functional and natural classifications for the years ended June 30, 2026 and 2025, are as follows (in thousands):

		2026						
		Research	Institutional Support	Public Service	Instruction	Academic Support	Other	Total
Salaries	\$	298,005	88,255	68,094	48,516	14,921	2,579	520,370
Employee benefits		95,133	33,603	27,105	18,396	5,401	941	180,579
Subcontracts		100,816	36	13,707	2,802	10,207	-	127,568
Office expense		86,084	10,241	5,652	8,393	4,184	1,090	115,644
Depreciation and amortization		80,190	1,346	8	109	-	252	81,905
Fees for services		43,621	13,253	7,047	6,837	11,704	2,870	85,332
Occupancy		5,250	8,272	4,585	654	677	29,632	49,070
Equipment		36,597	3,143	401	2,250	4,139	11,835	58,365
Tuition and fees		9,048	659	1,231	15,329	513	613	27,393
Fellowship stipends		5,599	973	1,049	13,407	1,460	2,074	24,562
Interest		8,123	4,013	-	-	-	-	12,136
Rental equipment		7,325	657	64	191	83	-	8,320
Information technology		2,676	17,491	653	800	364	347	22,331
Travel		11,248	3,479	1,967	2,618	866	72	20,250
Other expenses		34,092	26,125	1,664	6,218	2,762	2,029	72,890
Total expenses	\$	823,807	211,546	133,227	126,520	57,281	54,334	1,406,715
		2025						
		Research	Institutional Support	Public Service	Instruction	Academic Support	Other	Total
Salaries	\$	294,116	83,871	64,180	48,569	15,021	2,501	508,258
Employee benefits		102,010	34,119	27,451	19,526	5,893	984	189,983
Subcontracts		122,187	64	19,951	4,905	10,372	(1)	157,478
Office expense		90,727	8,901	6,315	8,647	3,903	718	119,211
Depreciation and amortization		88,246	1,798	8	90	-	233	90,375
Fees for services		46,583	14,117	9,197	4,794	8,732	2,687	86,110
Occupancy		7,194	4,743	3,366	322	782	39,219	55,626
Equipment		35,013	3,411	610	4,009	2,268	3,081	48,392
Tuition and fees		9,441	572	901	15,820	1,042	704	28,480
Fellowship stipends		5,525	900	1,336	14,438	1,245	2,314	25,758
Interest		10,315	3,451	-	-	-	-	13,766
Rental equipment		5,767	718	124	287	31	-	6,927
Information technology		2,846	10,903	595	1,228	555	537	16,664
Travel		11,890	3,352	1,733	2,974	875	104	20,928
Other expenses		28,119	27,001	3,137	4,813	2,949	1,314	67,333
Total expenses	\$	859,979	197,921	138,904	130,422	53,668	54,395	1,435,289

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(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, 2026 were available to be issued on October 9, 2026, and subsequent events have been evaluated through that date.