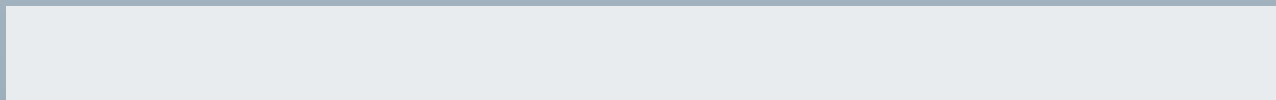
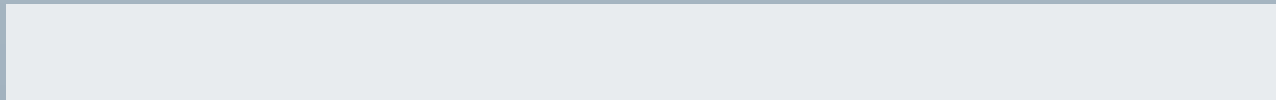
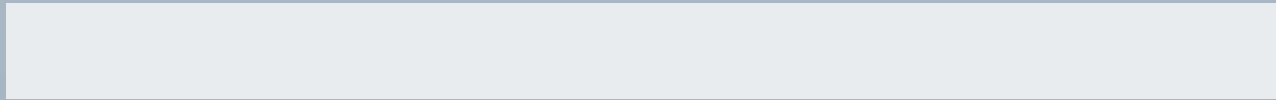




**The University at
Albany Foundation
Annual Report
2003-2004**





The University at Albany Foundation Annual Report 2003-2004

The University at Albany Foundation (“Foundation” or “Corporation”) is the philanthropic arm of the University at Albany (“University”) and, as such, it plays a central role in fundraising, asset management and the stewardship activities associated with these responsibilities. The Foundation is responsible for recording, reporting, and managing gifts and grants, including investment and administration of both endowment and expendable funds.

After three disappointing years of investment decline, the stock market rebounded and the Foundation’s endowments and investment portfolio, once again, enjoyed positive returns as overall assets and endowment funds increased over last year. See *Fiduciary Management*.

The construction of the new \$45 million Gen*NY*sis Center for Cancer Genomics on the East Campus is a major addition to the Foundation’s real estate portfolio and places our investment in the forefront of the University’s biotechnology research. And, several major improvements were undertaken on the East Campus to facilitate future development as part of a long range Master Plan.

Philanthropic Highlights

While overall assets and endowment funds increased in 2003-04, annual support remained about even; and major individual, corporate, and foundation support did not reach prior year levels.

Total gift commitments were \$4.35 million. Of the total, annual giving, through both mail and phone solicitation attracted \$1.36 million in support from 13,500 donors. And, major individual contributions, together with grants from corporate, foundation, and other sources added \$2.99 million. Of the major individual gifts received, nineteen new endowments were established totaling more than \$437,000 and the proceeds of several bequests totaling \$170,000 were credited. More than \$300,000 in future support was committed through bequest intentions and the Foundation’s Gift Annuity Program.

Once again, several substantial contributions came from members of the Foundation’s Board of Directors. One, a commitment of \$1 million, is designated for the Life Sciences Initiative. And, two others will boost UAlbany athletics — a \$250,000 pledge



*Perspective – Gen*NY*sis Center for Cancer Genomics.*

to upgrade the University’s Lacrosse Field for Division I competition, and a \$25,000 gift to the Women’s Golf Program.

Active and retired faculty continue to support priority academic and research projects. For example, Distinguished Professor Edward B. Blanchard and his wife, Dr. Christina Blanchard, established the *Edward B. Blanchard Fund* for awards to doctoral students in clinical psychology and to underwrite colloquia in the field. And, Distinguished Teaching Professor Emeritus Margaret “Meg” Stewart, who established the University’s Biodiversity, Conservation, and Policy Program, made an additional gift to the endowment that now carries her name. While the bulk of corporate and foundation grants awarded for institutional research are managed by the SUNY Research Foundation, a select number are administered by The University at Albany Foundation. For example, a grant of \$100,000 from Pfizer, Inc. was directed to a priority project — the Life Sciences Research Initiative.



East Campus Developments

Throughout 2003-04, the Foundation's East Campus remained one of the University's busiest and fastest-growing venues. It is home to a mix of over 20 tenants including private industry, academic researchers, and government agencies. Among the largest tenants are Albany Molecular Research, Taconic Biotechnology, the Department of Environmental Conservation, and the University's School of Public Health.

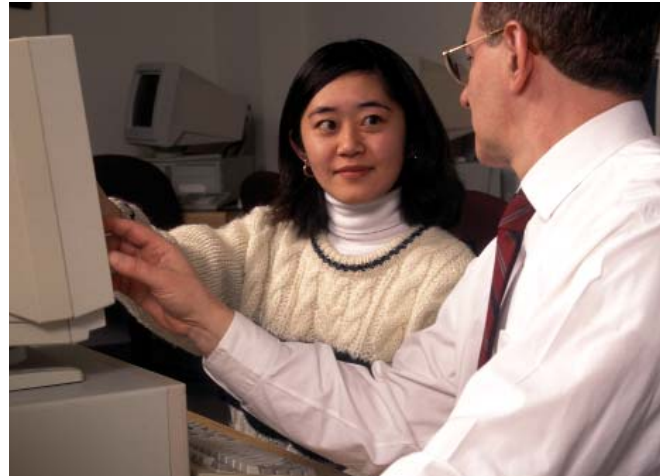
Construction continues on the Gen*NY*Sis Center for Excellence in Cancer Genomics (GCECG), with the steel superstructure and decking soon to be completed. Mechanical, electrical and plumbing coordination is complete and work has begun. When construction is completed next spring, the



George Education Center, home of the School of Public Health, on the East Campus.

116,000-square foot facility will provide substantial space for laboratories and offices. A \$22.5 million grant from New York State's Gen*NY*Sis Program covers a major portion of the \$45 million cost of construction of the facility. Borrowing and other sources combine to balance the total cost.

And, several major improvements are being undertaken on the East Campus to facilitate future development as part of a long range Master Plan. Roadway construction through the East Campus will allow for expedited transit between Rts. 9 & 20 and Rt. 151 as well as ease of movement through the campus. And, water line and utility modifications and upgrading provide efficiencies to existing facilities and will be necessary for further expansion.

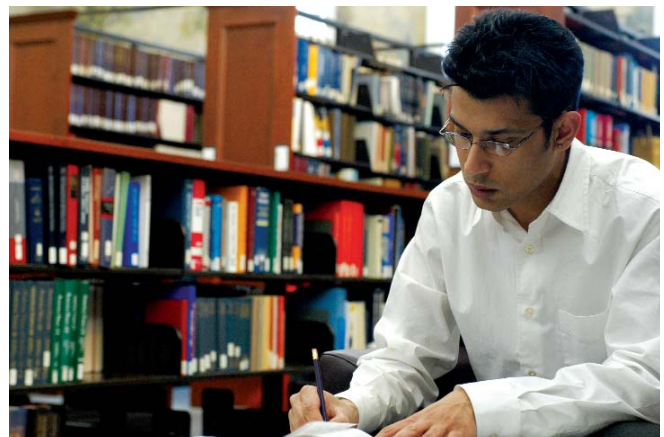


Council for Economic Outreach

The charge to the Foundation's Council for Economic Outreach is to promote business development in the Capital Region between the University, the corporate community, and governmental agencies. The Council sponsors several programs throughout the year with key speakers designed to focus on major economic issues.

In a highlight presentation in April, John Egan, President of the Renaissance Corporation, focused his comments on "The Harriman Campus: Open for Business." Egan is leading the development of the Campus into a world-class technology center.

The Council also undertook a major project to assess the economic impact of the University on our broader region. KeyBank Regional President Thomas X. Geisel and Center for Economic Growth President Kelly A. Lovell, oversaw the





production of UAlbany's 2004 Economic Impact Statement. The project's development represented a collaborative effort involving the Capital District Regional Planning Commission, the University at Albany's Division of Outreach, and the Office of Institutional Research. The greatly increased economic impact that UAlbany is having was presented to state and regional leaders of the Capital District at a June breakfast forum, sponsored by KeyBank and the Center for Economic Growth. Hugh Johnson, chief investment officer of First Albany Companies, presented the report.

The Council, which sponsors an annual *Excellence in Entrepreneurship Award*, partnered this year with UAlbany's Alumni Association in making the presentation during the June Alumni Weekend. This year's recipient was Robert Lazar, President and CEO of the New York Business Development Corporation. The award recognized Lazar, a 1977 UAlbany graduate, for his achievements as a business and community leader.

Community Council

The Community Council will be sponsoring the Foundation's well-known Citizen Laureate Program, once again, in 2004-05. This highly regarded event was postponed last year to avoid a conflict with the formal launch of the University's **Bold.Vision. Capital Campaign.**

Fiduciary Management

The assets of the Foundation grew to \$52 million. And the investment portfolio stood at \$16.7 million as of June 30.

This increase is due in part to construction of the facility that will house the Gen*NY*Sis Center at the East Campus. Endowed assets have grown from \$14.1 million to \$15.8 million as of June 30, 2004. Total return on invested assets as of June 30, 2004 was 8.54 percent.

Total Foundation revenue was \$19.3 million including \$8 million in grants from the Gen*NY*Sis Program while general and administrative expenses were \$677,000 or 3.5 percent. Philanthropic support totaled \$4.35 million while fund-raising expenses were \$914,000 or 21 percent.

The Foundation maintains \$4.3 million in two trust-like funds comprised of gifts that provide life-income to the donor with the proceeds committed to future educational use. The Foundation's Charitable Gift Annuity Program had in excess of \$3.8 million in assets and the Pooled Income Fund more than \$480,000.

The expense recovery fee structure approved by the Foundation Board effective July 1, 2003 was designed to equitably recover costs associated with receiving, recording, acknowledging and administering charitable gifts received by the Foundation in support of the University. Additional modifications were made during 2003-04 to further refine the fees, including the elimination of cost recovery fees on endowed gifts. In addition, fees associated with annual fund contributions were reduced from 26 percent to 24 percent, to minimize the differential among fees in different gift categories. In 2004-05, the annual endowment management fee will move to 1.95 percent.

In the Fall of 2003, the Investment Sub-Committee of the Finance Committee proposed a modification of investment policy following a year-long consideration of active vs. passive style investing. With the endorsement of the Finance Committee, the Board of Directors authorized the withdrawal of managed equity funds and the reallocation of those funds with 80% directed to an S&P 500 exchange traded fund and the remaining 20% to two Hedge Funds of funds. The fixed-income investment portfolio remained unchanged.

Endowment Performance Summary

Period	Total Return
1 year	8.54%
3 year	1.02%
5 year	.42%
10 year	8.55%

Balance Sheet Unaudited, June 30, 2004

ASSETS

Cash & cash equivalents	\$2,114,373
Accounts receivable	735,080
Prepaid expenses & other current assets	211,285
Long-term investments	18,872,722
Assets limited as to use	3,512,871
Pledges receivable	1,069,409
Property, plant & equipment, net of accumulated depreciation	13,422,592
Construction in progress	11,583,058
Artwork & literary collections	1,228,288
TOTAL ASSETS	\$52,749,678

LIABILITIES AND NET ASSETS

Accounts payable & accrued expenses	\$1,763,007
Construction loans payable	3,440,633
Construction costs payable	2,550,314
Discount for future interest	179,337
Long-term debt	5,756,107
Net assets	39,060,280
TOTAL LIABILITIES & NET ASSETS	\$52,749,678



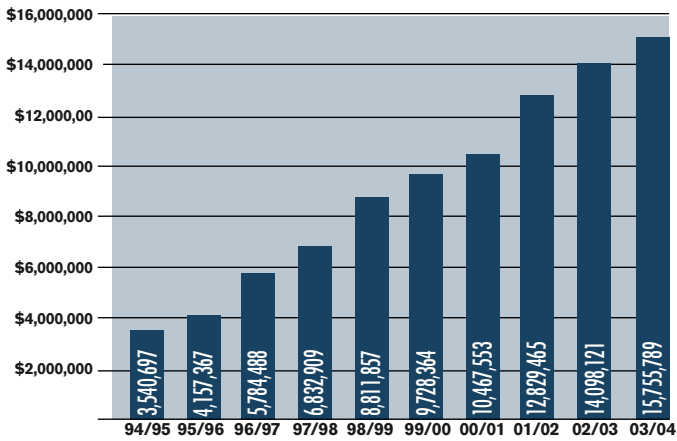
Statement of Activities Unaudited, June 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions, gifts & grants	\$2,604,603	\$8,493,719	\$1,101,830	\$12,200,152
In kind services	749,476	-	-	749,476
Program activities revenue	155,565	396,678	-	552,243
Administrative fee income	353,866	-	-	353,866
Rental income	4,161,728	-	-	4,161,728
Investment income	369,685	433,505	508,250	1,311,440
Net assets released from restrictions	7,925,913	(7,925,913)	-	-
TOTAL SUPPORT & REVENUE	16,320,836	1,397,989	1,610,080	19,328,905
Expenses & equity transfers:				
Program services	2,568,553	-	-	2,568,553
Real estate	5,411,736	-	-	5,411,736
Fund-raising activities	913,858	-	-	913,858
General & administrative	676,693	-	-	676,693
Equipment transfers	1,099,252	-	-	1,099,252
TOTAL EXPENSES & EQUITY TRANSFERS	10,670,092	-	-	10,670,092
CHANGE IN NET ASSETS	5,650,744	1,397,989	1,610,080	8,658,813
Net assets, beginning of year	9,902,123	7,741,052	12,758,292	30,401,467
Net assets, end of year	\$15,552,867	\$9,139,041	\$14,368,372	\$39,060,280

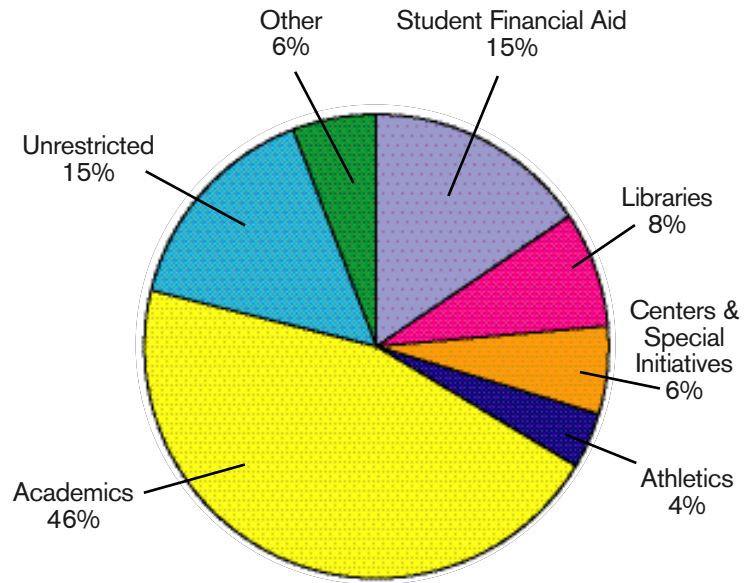


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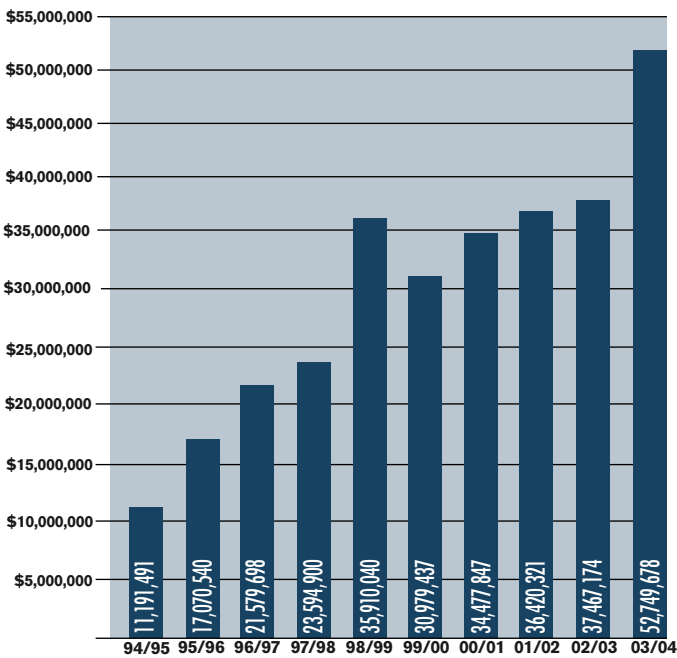
Endowment Funds



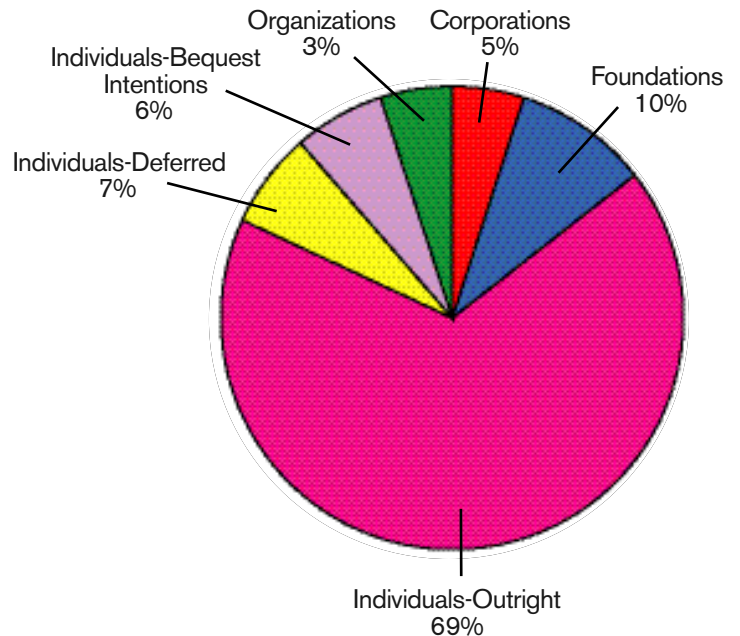
Private Support by Purpose



Total Assets



Private Support by Source



The University at Albany Foundation

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