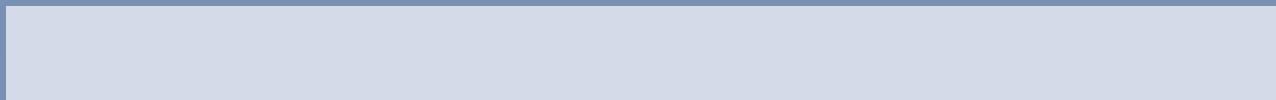
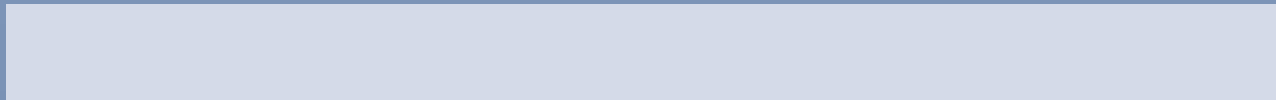




**The University at
Albany Foundation
Annual Report
2004-2005**





The University at Albany Foundation Annual Report 2004-2005



East Campus

The past year was, in many ways, a crossroad for the Foundation. Gift revenue increased, new leases were put in place for tenants on the East Campus and, importantly, the funding for the construction of the Gen*NY*Sis Center for Cancer Genomics was secured. In addition, a revised set of corporate by-laws was developed and a major review of the Foundation's mission, structure, operations, and policies was undertaken.

The mid-year appointment of Kermit Hall as President of the University brought with it new momentum and an exciting new path for the institution. His proposal to refocus the **Bold. Vision. Campaign** to provide greater support for students and faculty has been implemented and a major initiative to establish an Inaugural Scholarship Fund has been successfully launched. And, he has undertaken reorganization within the University to capitalize on a host of educational and research opportunities.

The growth of the Foundation's real estate portfolio, in particular the East Campus, has prompted a review of options to more effectively manage this expanding biotechnology-related research and development park. The Executive Committee of the Foundation has endorsed the formation of a steering committee comprised of Foundation and University representatives to oversee and plan the future of this important complex.

The East Campus complex reflects a public-private partnership that co-locates University affiliated units such as the School of Public Health and the Center for Functional Genomics with biotechnology firms. The campus also supports a limited scientific business incubator that is designed to nurture biotech firms in their early stages of development. A substantial University contribution is dedicated to offset the operating deficit built into the costs of such a multi-purpose research undertaking.

As the fiscal year ended, the Foundation had a balanced administrative operating budget, a positive return on its investment portfolio, and modest growth of its endowment

Revenue

Total support and revenue for the year exceeded \$31.3 million. Of this total, contributions, gifts and grants equaled \$23.6 million of which \$18.2 million came in the form of Gen*NY*Sis and other state grants to fund the construction of the cancer research building on the East Campus. The balance of contributions — \$5.4 million — came as private support for University initiatives. Rental, investment income, and other revenue sources totaled \$7.7 million.

By comparison, in 2003-04, total support and revenue equaled \$19.3 million. Of the total, contributions, gifts and grants were \$12.2 million of which \$8.1 million were state grants and \$4.1 was private support. Other support and revenue totaled \$7.1 million.

In 2004-05, \$2.8 million of private support was devoted to current institutional needs through unrestricted donations for student support through scholarships and other student aid, departmental and program support for educational purposes, library support for books, subscriptions and other resources, and other ongoing educational priorities.

Approximately \$2.6 million of private support was restricted by the donors and, thus, used for specific projects or programs sponsored by the various schools, colleges and departments within the University or to establish endowments.

Real Estate

The Foundation's real estate holdings include the President's residence on Englewood Place, a traditional brownstone on State Street across from Washington Park, which is used as a conference facility and for University offices. The Foundation-owned Management Services building on University Place on the main campus, houses several institutional support and operational departments.

In addition to the East Campus, a Bio-tech oriented research park in Rensselaer, the Foundation also owns two parcels of land in Bolton Landing — a 130-acre site and a 2.5 acre lot nearby. Both sites are used for field study and research by faculty and students in the Program in Biodiversity, Conservation and Policy of the Department of Biological Sciences at the University.

East Campus

Operating improvements, formalization of leases, major construction activity, and new State grant funding marked the 2004-05 year at the East Campus. East Campus management has focused on improving operating procedures and practices and, working with Rensselaer County and Town of East Greenbush officials, facilitating the 911-emergency response times to the campus by instituting a new building numbering and address system. Pending county approval, this system will also be adopted by the local post office to improve mail delivery. Fire and health/safety issue concerns have received additional attention. The facility has received a satisfactory fire and health safety inspection and will be scheduling additional inspections over the coming months.

Based on a tenant survey, a series of enhancements were made to the cafeteria, providing more variety and 'grab and go' options. Capital upgrades to the kitchen and dining areas have been planned and will be addressed as funding permits. Tenants also identified parking lot improvements as a top facility priority. Accordingly, over 190 spaces in the rear parking lot were refurbished with favorable tenant reaction.

With regard to leases, 2004-05 marked the extension and formalization of various leases as the facilities remained nearly fully occupied. Taconic Farms extended their lease for another five-years, providing almost \$1 million in new revenue over the lease period. Smaller, incubator tenants were put on a 2-year lease cycle pending review of the structure and breadth of the incubator program. A lease agreement with the State Department of Environmental Conservation – a tenant of the East Campus since April 1999 - was concluded for the period through



Cancer Research Center

March 2006 although the long-term occupancy of DEC on the East Campus is still under discussion with State agencies.

As the year came to an end, construction on the 113,000 gross square foot Cancer Research Center (Gen*NY*Sis Center for Excellence in Cancer Genomics) was almost complete with tenant occupancy scheduled to begin in August 2005. A temporary certificate of occupancy was issued in June 2005 with approximately two thirds of the rentable space under lease to the SUNY Research Foundation and to Taconic Farms. Additional tenants are being sought for the remaining space.

The \$45.8 million building project (including subdivision site work) has been funded through \$24.9 million State Gen*NY*Sis grant, a \$10.0 million IDA loan, a \$7.5 million term loan, and various other State road and water line improvement grants. The Gen*NY*Sis portion of the project was recently increased by \$2.4 million to the \$24.9 million level to address subdivision site work cost increases and other cost increases related to bids

Management Services Building





and field conditions. When complete, the Cancer Research Center will provide new, state-of-the-art laboratory space.

The East Campus complex, too, will be vastly improved. A new traffic intersection was created, major modifications were made to the roadway, and a new water line has been installed. These improvements will set the stage for potential future development of the site.

Finally, the State enacted \$25 million in new capital improvement grants earmarked for the East Campus as part of the 2005-06 budget. These funds will help the Foundation repay the \$7.5 million term loan and cover any out of pocket expenses in the construction and development of the site. In addition, they will provide necessary equipment funding for University-related researchers in the building and provide a pool of funds to address long-standing infrastructure improvements to the existing buildings. A portion of the funds, too, will be dedicated to improving and expanding School of Public Health space in the *George Education Center*. The timing, allocation, and terms of the \$25 million are still under discussion with State leaders.

Council for Economic Outreach

The Council for Economic Outreach is a programmatic initiative designed to link the University and the Foundation with the region's economic entities. The Council hosts a speaker series with luncheon and breakfast events that highlight corporate and business executives, government officials and senior University leaders. Each forum focuses on areas of interest in the state or region which may have an economic impact. In addition, the Council sponsors an annual Excellence in Entrepreneurship Award, presented this year to

Norman E. Snyder, Jr., a 1983 UAlbany alumnus and Chief Operating Officer of Rheingold Brewing Company.

Community Council

The Community Council is a programmatic initiative designed to foster and recognize outstanding community and academic achievement especially through the Foundation's annual Citizen Laureate Program. For 2005, the Community Laureate Awards were presented to: John Egan, President, Renaissance Corporation of Albany; John Kelly III, Senior Vice President of Technology and Intellectual Property, IBM; and Morris "Marty" Silverman, noted Philanthropist. The Academic Laureate was awarded to Meredith Butler, Dean and Director of UAlbany's Libraries. The proceeds of the event were credited to the newly established Presidential Inaugural Scholarship Fund.

Fiduciary Management

The assets of the Foundation grew to \$85 million due largely to the construction of the new Cancer Research Center which will house the Gen*NY*Sis Center for Excellence in Cancer Genomics. Endowed assets increased to \$16.6 million and the total investment portfolio stood at \$19.8 million. Investment return for the portfolio was 6.63% for the year.

Total Foundation revenue was \$31.3 million, including \$16.8 million from the Gen*NY*Sis Program, and general and administrative expenses were \$739,000 or 2.4 percent of total revenue. Private philanthropic support totaled \$5.4 million, a 32 percent increase from the prior year, while fund-raising expenses were \$610,000 or 11.3 percent of charitable support.

The Foundation maintains \$4 million in beneficial interest trusts comprised of gifts that provide life-income to donors or other income beneficiaries. The proceeds of these funds are committed to a variety of educational, research, and related institutional priorities including scholarships and fellowships, professorships and lecture funds, library support, and various University programs, projects and facilities.

Endowment Performance Summary

Period	Total Return
1 year	6.63%
3 year	5.70%
5 year	1.05%
10 year	7.76%

Balance Sheet Unaudited, June 30, 2005

ASSETS

Cash and cash equivalents	\$2,125,660
Accounts receivable	255,958
Prepaid expenses and other current assets	176,304
Long term investments	21,111,799
Assets limited as to use	4,057,622
Pledges receivable	705,551
Property, plant and equipment, net of accumulated depreciation	15,057,938
Construction in progress	40,702,470
Artwork and literary collections	1,270,888
Total assets	\$85,464,190

LIABILITIES AND NET ASSETS

Accounts payable & accrued expenses	\$832,222
Construction loans payable	13,133,739
Construction costs payable	4,618,381
Discount for future interest	182,365
Long term debt	6,911,638
Net assets	59,785,845
Total liabilities and net assets	\$85,464,190

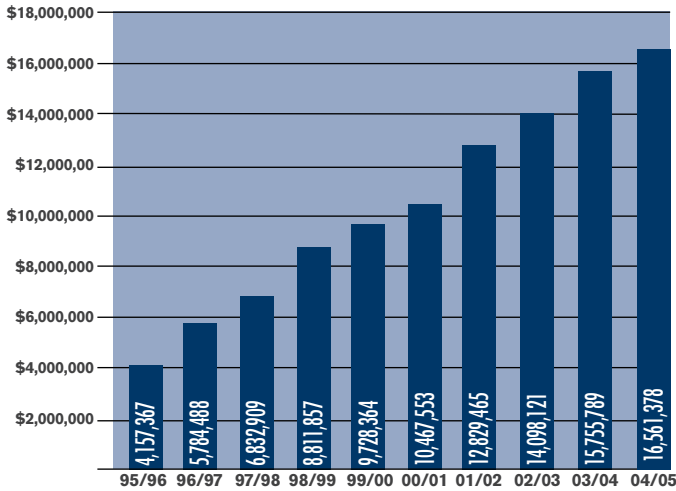


Statement of Activities Unaudited, June 30, 2005

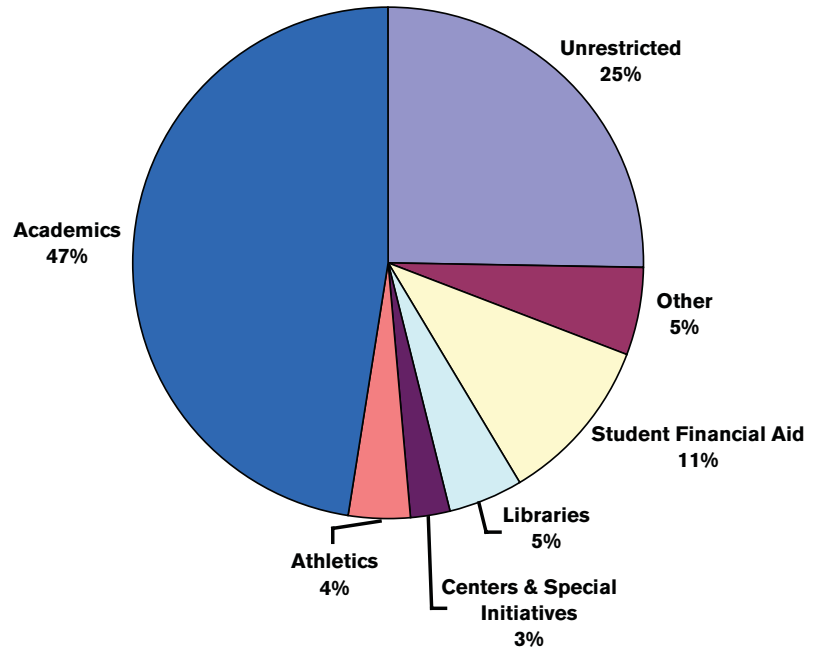
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions, gifts and grants	\$3,032,237	\$19,452,161	\$1,156,190	\$23,640,588
Contributed services and support	1,567,307	-	-	1,567,307
Rental income	4,225,108	-	-	4,225,108
Program and other revenue	105,384	322,870	-	428,254
Administrative fee income	311,784	-	-	311,784
Investment income	453,288	516,401	190,426	1,160,115
Net assets released from restrictions	22,389,712	(22,389,712)	-	-
Total support and revenue	32,084,820	(2,098,280)	1,346,616	31,333,156
EXPENSES AND EQUITY TRANSFERS				
Program services	2,270,344	-	-	2,270,344
Real estate	5,518,002	-	-	5,518,002
Fund-raising activities	610,394	-	-	610,394
General and administrative	739,129	-	-	739,129
Equipment transfers	1,469,722	-	-	1,469,722
Total expenses and equity transfers	10,607,591	-	-	10,607,591
Change in net assets	21,477,229	(2,098,280)	1,346,616	20,725,565
Net assets, beginning of year	15,552,867	9,139,041	14,368,372	39,060,280
Net assets, end of year	\$37,030,096	\$7,040,761	\$15,714,988	\$59,785,845



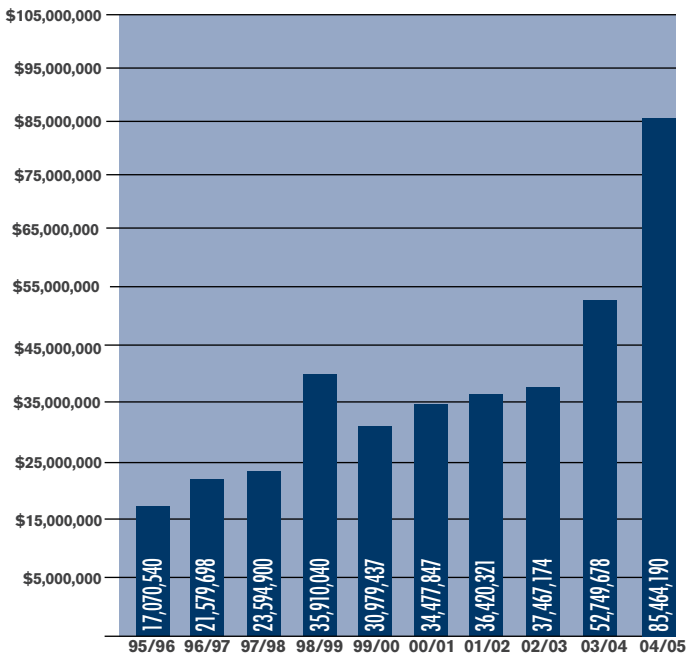
Endowment Funds



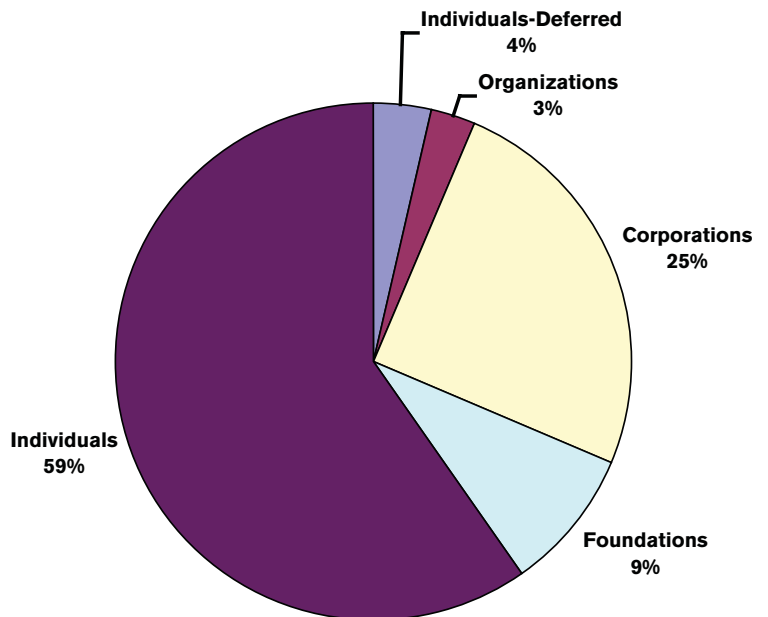
Private Support by Purpose



Total Assets



Private Support by Source



The University at Albany Foundation

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