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The Research Foundation of The City University of New York

2009 Annual Report

Domestic Violence Empowerment Initiative
Parenting - Fostering Student Talent
Family Formation - Psychological Change in NYC after 9/11
Change Development - Education - Building Urban Communities through Higher Education
Population Dynamics & Emerging Viruses
Learning Communities - High School Journalism
2009 Con Edison Blackout - Studying the Coastal Waters of the South Bronx
Rebuilding Urban Communities through Higher Education

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2009 Con Edison Blackout - Studying the Coastal Waters of the South Bronx
Rebuilding Urban Communities through Higher Education - Domestic Violence Empowerment Initiative - Family Formation - Psychological Change in NYC after 9/11
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2009 Con Edison Blackout - Studying the Coastal Waters of the South Bronx
Rebuilding Urban Communities through Higher Education





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A Word About Award Activity The annual report reflects “award activity” or gross sponsor commitments recorded in the fiscal year. On the other hand, the Grants and Contracts sections of the audited financial statements reflect fiscal year “expenses” on sponsored awards. In many cases, expenses are actually lower than the award activity. The main reason for this would be multi-year awards, which are recorded in their entirety when received but expended over multiple years. The reader will, therefore, note that the figures in the audited financial statements differ from those in the report narrative and charts because they refer to different measures.

For a complete listing of 2009 awards, go to www.rfcuny.org/annualreport



The Research Foundation of The City University of New York

Letter from the Chairman of the Board and the President

The extraordinary women and men who comprise the faculty and staff of The City University of New York continue to bring distinction to the University through the innovative work they do and the vital resources they secure in the area of sponsored programs.

Their partner in this critical aspect of the University's mission is the Research Foundation. Whether employing project staff, protecting intellectual property rights, overseeing construction projects, managing investments, or purchasing goods and services, the Research Foundation is the common thread woven throughout the sponsored program tapestry at CUNY. The Foundation's skilled staff and common web-based systems combine to assure that funds are accounted for, sponsor requirements are upheld, and project goals are achieved.

With 47 years of expertise in managing grants and contracts on behalf of the University and other

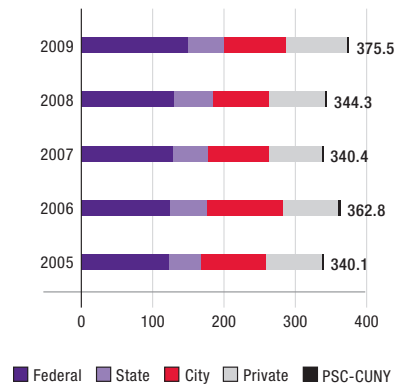
entities, the Research Foundation offers an unparalleled level of service. And that's not just our opinion. This past spring, the Foundation conducted an experience survey among both its principal investigators and project employees to determine the level of satisfaction with its performance and to elicit suggestions.

We were gratified to find that survey responders were overwhelmingly positive about their interactions with Foundation staff. Our systems and processes likewise received high marks, from our on-line training to our policy manuals. We appreciate everyone who took the time to participate in the survey, which will help us continue to offer the highest level of service to the University.

Appropriately, our faculty and staff are the focus of this report. Of course, the annual report provides detailed financial statements for the most recently audited Research Foundation fiscal year, 2009. But perhaps more important, the report

Total Awards by Source and Year

(dollars in millions)



spotlights the rich and varied activities in which faculty and staff are engaged right now. The fascinating work of our principal investigators continues to generate excitement and optimism about the discoveries that result from research and the importance of creating a nurturing research environment.

The following pages contain examples of projects supported by traditional sources, as well as a cross-section of those underwritten with one-time funding from the federal American Recovery and Reinvestment Act (the stimulus bill). As of this writing, CUNY principal investigators had received nearly \$50 million in stimulus funding (most of it awarded in 2010 and hence not reflected in the 2009 audited figures). Particularly gratifying is the number of first-time principal investigators who were successful in securing support from this highly competitive source.

We invite you to peruse the complete report and to visit our website, www.rfcuny.org, where you will find, under "About RF," a link to the electronic version of this report that also incorporates a listing of every funded project (which space does not permit us to include here).

Thank you for your interest in, and ongoing support of, the Research Foundation and The City University of New York.

Respectfully,

Matthew Goldstein
Chairman of the Board

Richard F. Rothbard
President



Matthew Goldstein
Chairman of the Board

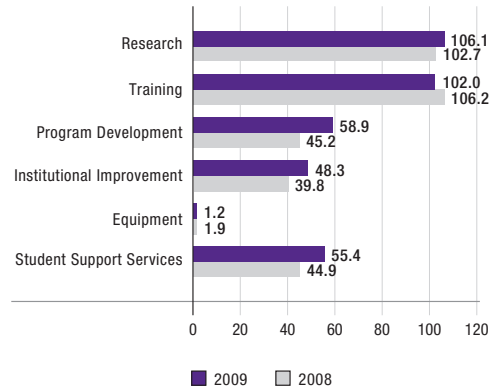


Richard F. Rothbard
President

Introduction

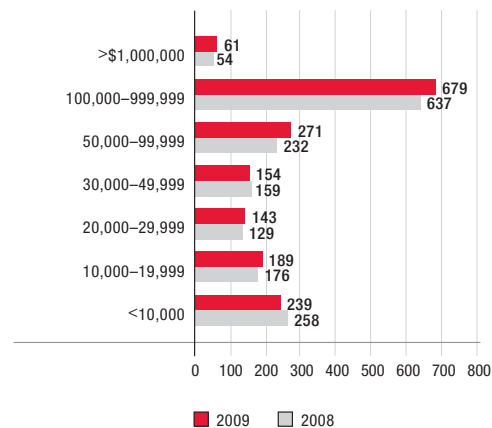
Total Awards by Purpose*

(dollars in millions)



*Excludes \$3.6M for PSC-CUNY Research Awards

Total Awards by Dollar Value



Research foundations, particularly those associated with public universities or university systems, perform certain key functions. They seek out and administer research and other external funding (sponsored program funding); account for support in the many modes that sponsors require; afford flexibility in staffing and procurement; carry out program objectives in a timely manner; realize gains in efficiency through economies of scale; protect and commercialize intellectual property; safeguard human and animal research subjects; and generally advance the creation of knowledge and the provision of vital public services.

The Research Foundation is the fiscal agent for all sponsored programs at The City University of New York. Through this Annual Report we are pleased once again to share some data and some project synopses that highlight activity at the Research Foundation and at our related entities, GrantsPlus and the 230 West 41st Street LLC.

The audited financial statements and supplemental schedules at the end of this report represent *expenditure* data for 2009, the most recently audited year. Total *activity*, which is a measure of the value of all awards, whether as yet fully expended or not, is also reported for the 2009 fiscal year. The charts in this section break down the 2009 activity in a variety of ways to tell the story

of individual college, and collective University experiences in terms of the dollar value, sources, and purposes of sponsored programs. (The reader, if so inclined, can view more detail, including the individual numbers that underlie the charts, by going to the electronic version of this report on our website, www.rfcuny.org, and following the links to the 2009 Annual Report.)

Unlike the statistical data, which generally relate to the 2009 fiscal year, the anecdotal material that follows is about current activity. The principal investigator (PI) profiles represent projects that began in or carried over into 2010. Many of the women and men you will meet in the following pages are pushing the boundaries of knowledge in their fields. Others are addressing some of the thorniest challenges facing society. All honor CUNY through their work and their contributions.

The Research Foundation experienced a significant increase in awards under management in 2009. A total of \$375.5 million was secured by City University of New York PIs during that year, an increase of approximately 9 percent over 2008. Given the general economic environment, that is an outstanding achievement, one unquestionably attributable to CUNY's investment in new faculty, facilities, and other support of the research

enterprise. And the University is on pace to exceed that total in 2010.

Contributing to the further growth that is projected for 2010 is a substantial amount of funding from the American Recovery and Reinvestment Act (*aka* the stimulus bill). Already, CUNY principal investigators have brought in almost \$50 million in project support, mainly

from the National Science Foundation, the Department of Health and Human Services and the Department of Education.

Although a welcome addition to the University's portfolio, these grants carry with them extraordinary reporting requirements so that the federal government can demonstrate to the public the bill's effectiveness in stimulating the economy and creating jobs. The Research Foundation developed a comprehensive electronic system for the gathering and submission of the necessary reports that has served as a model to other organizations.

We provide many services in support of faculty, staff, and institutional efforts at CUNY to secure extramural support for the wide-ranging areas of inquiry in which they are engaged. Among our

• RFact: if you converted all 2009 awards into dollar bills and laid them end to end, they would go around the earth's equator almost one and a half times.

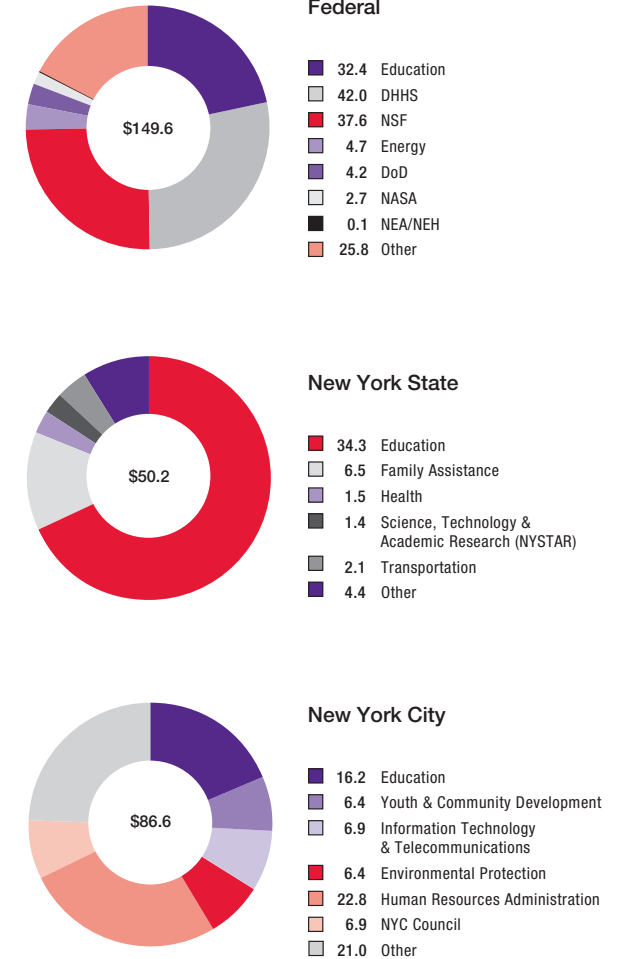
many other responsibilities, the Foundation is charged with maximizing federal facility and administrative rates (sometimes referred to as indirect cost recoveries or overhead rates). In 2010, we successfully renegotiated the rates for Brooklyn, City, Hunter, Queens, the Graduate School, and the Law School, assuring a continuation of historic

rate levels through fiscal year 2013. The overhead funds that colleges receive on federal (and other) grants and contracts are critical in supplementing tax-levy

support of research and related academic activities.

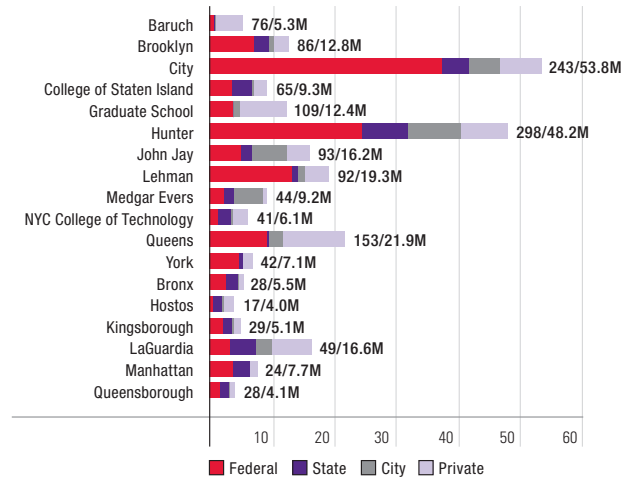
Also in 2010, the Foundation initiated a pilot project in the central office to migrate our administrative systems to Quali, an open source suite of applications designed *by* colleges and universities *for* colleges and universities. This is an exciting project, not only because it has the potential to address the specific needs of sponsored program administration while replacing aging legacy systems, but because it could very well result in substantial cost savings.

Government Awards by Source 2009
(dollars in millions)



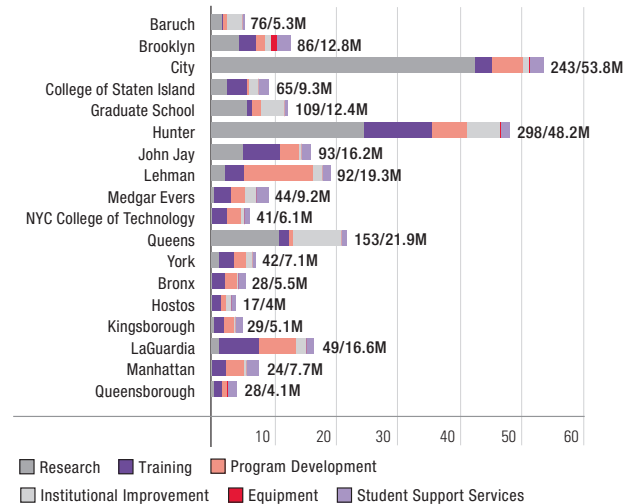
Awards by Source and College*

(number of awards/dollar value of awards)



Awards by Purpose and College*

(number of awards/dollar value of awards)



*Excludes PSC-CUNY Research Award Program (\$3.6M) and CUNY Central Office (\$107.1M). To view detailed figures for each unit and category log onto www.rfcuny.org, then point to About RF, then click Annual Report, then click 2009 Annual Report.

In February, the Foundation received its much-anticipated authorization from the Internal Revenue Service to sponsor a new charitable gifts annuity program that will be promoted throughout CUNY. The program offers donors an opportunity to make gifts to the college of their choice while receiving tax-advantaged income during their own lifetimes and those of their loved ones. The program will have enormous long-term benefits for the colleges.

Not surprisingly, more unfunded mandates came our way over the past year. These included a requirement that our 403(b) retirement plan be audited, changes to the Family Medical Leave Act, and an extension of New York State COBRA coverage.

230 West 41st Street, our headquarters for the past five years, continues to prove itself a wonderful home and a wise investment. Despite challenges in the commercial real estate sector, our building

maintains a high occupancy rate and contributes significantly to the Foundation's finances. We also play host to a variety of University operations, including the Graduate School of Journalism and CUNY's finance departments.

GrantsPlus, the entity created to extend our reach beyond CUNY to the not-for-profit world, provides

yet another stream of revenue for the Foundation while offering invaluable support to small and mid-size entities that rely on our experience and systems to carry out their important missions in the public service.

• **RFact:** *the Research Foundation's headquarters building was once the headquarters of The New York Herald Tribune, which boasted such journalistic luminaries as Jimmy Breslin, Tom Wolfe, Homer Bigart, Red Smith, and Marguerite Higgins.*

We continue to render assistance in many other ways, large and small. These include licensing access to a database that enables any CUNY faculty member to search for funding opportunities world wide; sponsoring workshops for doctoral students to prepare them to be active seekers of grants; underwriting seminars to educate the

CUNY community about the capabilities of the new High Performance Computing Center; and much, much more.

In 2005, the Research Foundation conducted a survey of principal investigators and Foundation field staff to gauge their experiences with central office staff, operations, and systems. This past April, we conducted a follow-up survey. The response rate was remarkably high and we received generally superior marks for our customer service, the effectiveness of our systems, and the ease of using those systems. Many interesting suggestions were also made by respondents and these will be given careful consideration as we plan for the future.

• RFact: one of GrantsPlus's clients is the Louis Armstrong House Museum in Corona, Queens, operator of the Louis Armstrong House, a national historic landmark, which preserves the documents and collections of one of the most influential and beloved jazz musicians of all time.

(Editor's note: The Research Foundation attempts wherever possible to reduce costs to concentrate as much of our resources as we can on maintaining and improving our core services. In the past, our printed annual reports have included a list of all grants and contracts. The reports have also included tables with college-level numerical

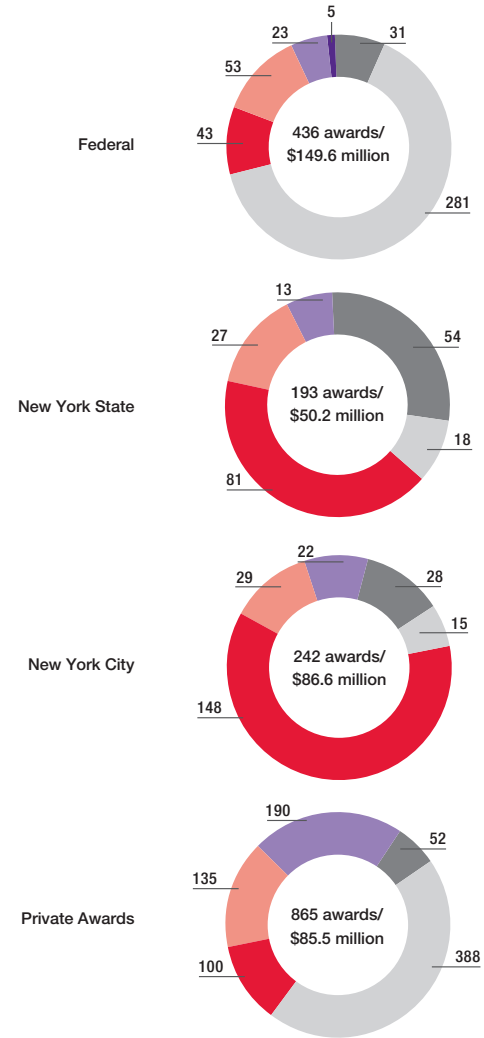
detail for the fiscal year reported. Combined, these items have taken up a considerable amount of pages. This year that important information remains available, and can be found online at www.rfcuny.org under About RF, Annual Report.

In taking this approach, we have significantly reduced the cost of the printed report without sacrificing, we believe, editorial content or visual appeal. We hope you agree.)

Awards by Purpose and Source 2009*

(slices denote dollar amount; values outside denote number of awards)

■ Research
 ■ Training
 ■ Program Development
■ Institutional Improvement
 ■ Equipment
 ■ Student Support Services



*Excludes PSC-CUNY Research Award Program (\$3.6M). To view detailed figures for each unit and category log onto www.rfcuny.org, then point to About RF, then click Annual Report, then click 2009 Annual Report.



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Learning Communities High School Journalism Building Trades & Property Maintenance Robotics Research Materials & Exchange Development Education for the Developmentally Disabled Rebuilding Urban Communities through Higher Education Domestic Violence Empowerment Initiative Family Formation Psychological Change in NYC after 9/11 2006 Con Edison Blackout Studying the Coastal Waters of the South Bronx Social Justice Teen Parenting Fostering Student Talent Population Dynamics & Emerging Viruses

Betina Andrea Zolkower
Associate Professor, School of Education
Brooklyn College

Examining Teacher Discourse and Whole-Class Interaction: A Social Semiotics Model for Mathematics Lesson Study Groups is a three year, \$430,000 NSF research and professional development project co-directed by Professor Zolkower and her colleague, Elizabeth de Freitas of Adelphi University.

This exploratory project consists of two 'lesson study' groups of beginning mathematics teachers working in Brooklyn public school classrooms attended by low socio-economic status students in grades 6 through 9. Under the guidance of De Freitas and Zolkower, teacher participants collaborate in designing, trying out, documenting, revising, writing up, and disseminating lessons and lesson sequences. "A distinguishing feature of our project is that it views mathematics and mathematics teaching and learning as social semiotic practices, that is, practices that involve the use of spoken and written language as well as gestures and diagrams to make and exchange mathematical meanings."



Susan Opotow
Interim Deputy Chair & Professor, Sociology
John Jay College

Professor Opotow, a scholar of justice and conflict, studies how communities sustain rebuilding in her one year \$10,000 American Psychological Foundation project, *After 9/11: Psychological Conflict, Challenge, and Change in NYC*. Her methodology involved the collection of every article on the 2001 World Trade Center attack published in The NY Times (3,500 in total) from September 12, 2001 through October 7, 2006. The articles revealed in-depth information and captured first person experiences of those affected. Each article was categorically coded into a database allowing her to examine the sequence of post-disaster occurrences and understand how the physical and psychological changes in the environment changed the lives of New Yorkers. "After 9/11 things changed quickly for everyone and they continued to undergo change. We're giving voice to the experience of New Yorkers after 9/11." Once completed, her project can provide an empirical basis for psychological scientists, decision makers, and practitioners to anticipate post-disaster issues that can emerge over time.

David Gomez
Vice President, Academic Administration
Kingsborough Community College

Retention is a critical issue for community colleges because the lack of success of a community college to retain its students can translate into lost opportunities for millions of people. In a three-year \$380,000 award, *The Community College Jigsaw: Putting the Pieces Together*, from the Department of Education, Professor Gomez investigates the issue of student retention. Designed to serve as a model for other community colleges, his project requires the college to document and quantify interventions on every level—academic, student support services, interventions outside of the classroom, and financial aid. By seeking to understand the nature of the community, his aim is to piece together those components that increase the probability of student success. "If you look at what and how you do things in a more comprehensive way and with specific benchmarks, you may be able to achieve the kind of improvements that you want and your students deserve."





Joseph W. Rachlin

Professor, Biological Sciences

Lehman College

In recent years, the Bronx River has been the focus of community-based cleanup and restoration. As part of this effort, aquatic biologist Professor Rachlin studies the ichthyofauna of this urban river in his three-year, \$100,000 Wildlife Conservation Society project, *Study and Evaluation of Ichthyofauna of the Coastal Waters of the South Bronx*.

Collaborating with his SUNY Maritime College colleague, Dr. Barbara Warkentine, Professor Rachlin uses an algorithm to study ichthyofaunal distribution in urban streams. He established freshwater stations in various areas of the Bronx River to collect samples (using trap water devices) and analyze species. In his first restoration event adult herring were released into the river to determine whether they would reproduce. The success of that experiment has since led him to document the resilience of the river in terms of its fish population (fresh water and marine), identify 42 fish species, and gain an understanding of the river's biodiversity. Professor Rachlin is now working on the final phase of his project, which involves moving the restoration effort to the South Bronx waterway area where he intends to document the migration of fish from the East River to the Bronx River estuary. "My goal is to get the Bronx community—especially youngsters—involved in recreational fishing and the preservation of the river."



Sunil B. Gupta

Dean, Center for Continuing Education & Workforce Development

Borough of Manhattan Community College

The US Department of Education awarded Professor Gupta \$500,000 for the two year project, *Ground Zero on Campus: Establishing a NIMS-Compliant Emergency Management Plan*. His project proposed to protect students, faculty and staff by developing an emergency preparedness plan as a model for other urban higher education institutions. A unique civic partnership consisting of BMCC, Polytechnic Institute of NYU, NYC Office of Emergency Management, Downtown Alliance, FDNY, and NYPD developed the plan.

The team developed a gap analysis (identifying all vulnerabilities of the physical structure, potential threat, and risk of the campus) and hazard analysis (emergency action plan) in addition to table-top training sessions. A College Community Emergency Response Team (C-CERT) was also implemented and with an emergency preparedness plan in place, BMCC now conducts quarterly practice drills.

Professor Gupta's project is important for the entire NYC downtown community, but particularly to BMCC; the first community college to experience damage from an act of foreign terrorism on September 11, 2001. "We are in an urban, densely populated area and unique in that we experienced some of the worst things that could possibly happen and survived it," he states. The attack resulted in the complete loss of their 15-story academic facility, Fiterman Hall. After previously undergoing a total rehabilitation, Fiterman Hall was rendered uninhabitable and had to be deconstructed. Construction of a new Fiterman Hall is currently underway.



Nona Smith

Director, Access for Women
New York City College of Technology

For fifteen years resources have been available to Brooklyn youth and their parents through *Expanding Options for Teen Parents and Youth*, a project funded by Community Counseling & Mediation for \$46,000 through 2010. The program assists youth and their parents in understanding the options available to them in the public school system. Twenty students are recruited per 18-week cycle through local community agencies, health care providers, and public libraries.

The two program components are academics and health care education. The academic component focuses on building reading, writing, mathematics, critical thinking, and test-taking skills. Health care education focuses on student health in relation to the family unit. Ms. Smith, the program's director, measures success through student attendance, academic progress, behavioral changes, and utilization of health and community service agencies. "Learning is power. Parents and teachers can present subject matter, but I tell students only they can take responsibility for investing in themselves."



Christine Li

Professor and Chair, Biology
City College

Alzheimer's disease (AD) is a neurodegenerative disease that is inherited in some families (familial AD). Professor Li studies familial AD gene proteins in her two-year \$347,000 NIH grant, *Temperature-Dependent Lethality of APL-1: A C. elegans Protein Related to Human Amyloid Precursor Protein*.

Her goal is to understand how the APP protein (found in humans and mammals) and other genes in that pathway function using the *C. elegans* organism as a genetic model. *C. elegans* has a simple system, short life cycle, and contains the APL-1 protein homologous to the APP protein. By increasing the temperature of the APL-1 protein to evoke mutation, the role of the mammalian protein can be better understood and therapeutic goals can then be designed. "It's been difficult in the AD field to identify the pathway in which some of these proteins act. This research is unique and approaches the issue from a different perspective."

Hugo Kijne

Executive Director, Continuing Education & Professional Development
College of Staten Island

A broad range of services is available to adults with developmental disabilities through Professor Kijne's one-year, \$155,000 NYC Department of Health and Mental Hygiene project, *Educational Services for Developmentally Disabled Adults Living in the Community*, one of three programs for people with developmental disabilities at the college. The program serves independent individuals and offers high functioning developmentally delayed adults access to college courses.

Each year 14 to 16 students attend weekly courses on reading comprehension, critical thinking, computation activities, and financial management. Students enjoy engaging in discussions with peers, planning classes, and improving skills. To be eligible, students must demonstrate some reading skills and live with their families or in supported apartments. At the end of the academic year, students participate in a celebration dinner and apply the principles and behavior taught in the classroom. "Having these students on campus enriches the college environment and it's important for the community."



Diana Romero
Associate Professor, Urban Public Health
Hunter College

Over the decades, trends in family formation have changed significantly (higher divorce rates, decreased/delayed marriage, increased cohabitation and delayed/lower childbearing rates). While scholarly research has reported higher levels of these trends among the poor and communities of color, Professor Romero compares the relationship and parenting attitudes of both poor and non-poor women in her three-year, \$600,000 NIH project, *Fertility and Social Disadvantage Among Low Income Adults: a Mixed Methods Approach*. Her goal is to understand differences and/or similarities among poor and non-poor men and women and dispel the notion that all groups use the same economic focus for decision making when forming families. “We don’t fully understand the factors, but we should not pathologize what is occurring in one group when we know these trends occur in other groups.” She hopes her findings can be helpful in determining the effectiveness (or lack thereof) of social policies, thereby promoting policy change.



Michelle Fine
Distinguished Professor, Social-Personality Psychology
Graduate Center

The Ford Foundation awarded Professor Fine a two-year, \$115,000 research grant for her project, *Rebuilding Urban Communities and Families through Higher Education*, dedicated to documenting the impact of the College Initiative program on students, their families, and local communities.

The program is available to formerly incarcerated adults (400 participants in total) who desire to recommit their lives to education. Professor Fine’s three-part, multi-generational study examines participant graduation rates; participant life stories (which serve as a means of giving back to society through higher education); and incorporates a video project—a tool designed for correction officers to convey the humanity of families affected by mass incarceration. Her research demonstrates how infusing the home with higher education impacts two generations and the program now serves as a model for other re-entry/transition programs in higher education. “By educating formerly incarcerated adults, you rebuild the cultural, intellectual, and economic fabric of community life.”



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Population Dynamics & Emergent Changes · Learning Communities · High School Journalism · Building Trades & Property Maintenance · Health Research · Markets & Entrepreneurship · Justice for the Developmentally Disabled · Rebuilding Urban Communities · High Higher Education · Domestic Violence Empowerment Initiative · Family Formation · Psychological Change in NYC after 9/11 · 2006 Con Edison Blackout · Studying the Coastal Waters of the South Bronx · Social Justice · Teen Parenting · Fostering Student · Population Dynamics & Emergent Changes · Learning Communities · High School Journalism · Building Trades & Property Maintenance · Health Research · Markets & Entrepreneurship · Justice for the Developmentally Disabled · Rebuilding Urban Communities Through Higher Education · Domestic Violence Empowerment Initiative · Family Formation · Psychological Change in NYC after 9/11 · 2006 Con Edison Blackout · Studying the Coastal Waters of the South Bronx · Social Justice · Teen Parenting · Fostering

Brenda M. Greene
Professor, English
Executive Director, Center for Black Literature
Medgar Evers College

The Center for Black Literature supports writers throughout the African Diaspora by offering workshops, conferences, readings and professional development. With support totaling \$50,000 for one year from the Nathan Cummings Foundation, Professor Greene organized the creative writing, visual arts and performance poetry program, *The Black Artist as Activist and Transformative Agent*.

The project, in collaboration with the Danny Simmons Corridor Gallery and the National Conference of Artists, focuses on providing Black artists with a venue, voice, and opportunity to practice their craft in a meaningful way. Young, emerging artists participate in writing, performance, and visual arts workshops that bring attention to social justice issues. Their work is then exhibited at the Corridor Gallery. "This project is a way to heighten awareness of the inequities of the world around issues of injustice and brings people together to come up with tangible solutions to change our environment and promote social peace."



Geanne Rosenberg
Professor & Founding Chair,
Journalism and the Writing Professions
Baruch College

Since successfully launching CUNY's only undergraduate journalism department in 2008 under her leadership, Baruch College has become a magnet for NYC high school students interested in journalism. After receiving a two-year, \$50,000 grant from the McCormick Foundation for the *NYC High School Journalism Project*, Professor Rosenberg and co-director Katina Paron partnered to establish the collaborative project for high school students. The project focuses on promoting, building, and expanding high school journalism programs by targeting high school newspaper editors, high school newspaper reporters, and their teachers/newspaper advisers. Through this outreach to those associated with developing and publishing high school newspapers, students and the community ultimately benefit. "Having a good student newspaper or community newspaper is a way of helping to build community and to have an open exchange of ideas."

John Dennehy
Assistant Professor, Biology
Queens College

As human populations become more urbanized, the density of humans per area expands and the contact rate of disease increases. It is this emergence of disease among dense populations that Professor Dennehy investigates in his two-year, \$68,000 NSF study, *Population Dynamics and Evolution of Emerging Viruses*.

Contact rates are known to be a feature of disease dynamic and the act of hand shaking or sneezing can initiate the spread of a disease. Professor Dennehy, who refers to Queens (which houses two major airports) as "a disease hotspot" due to its connection with several disease outbreaks, examines the increase and urbanization of populations accounting for mobility and the speed in which people travel throughout the world. He attempts to understand the disease process and generate a predictive model where viruses can be viewed closely. "We are just coming to terms with how we can implement predictive or prophylactic strategies in human populations."





Linda Alexander Wallace
Director of Counseling Services
Hostos Community College

For each of the past five years, Safe Horizon has awarded the *Domestic Violence Empowerment Initiative Program* \$100,000. A domestic violence education and outreach program, clients receive crisis intervention and referrals to community based organizations. Specialists in domestic violence work with each client by connecting them to community based providers. Even on weekends intervention services and short term support are available to students, their extended family members, and the community.

Part of the program's success is the way in which participants have become upwardly mobile within their community through the services they received on campus. Ms. Wallace, the program's director, recognizes the college's unique position to function as a point of access for students who are survivors of domestic violence. "We serve as a retention vehicle while providing a safe space for the community to gain an education in spite of being in a violent situation."



Panayiotis Meleties
Dean, School of Arts & Sciences
York College

Professor Meleties has been instrumental in bringing state-of-the-art learning tools to the college community through his two-year, \$1.2 million Department of Education award, *Fostering African American Students' Talent*. The program's approach is comprehensive as it focuses on supporting science and mathematics and providing instructional and research support to primarily African American students.

One special aspect of the program is the integration of instructional technology (smart classrooms) into science and mathematics courses. Faculty also benefit by receiving training and utilizing this technology during lessons. Research facilities at the college have significantly improved through the program, resulting in the creation of a mathematics, biology, chemistry and physics learning center and even growth chambers in the biology department. Tutors also work closely with the science and mathematics students. "There is constant activity in the math department with tutors and students helping each other and faculty members engaged in supporting and mentoring their students."

Jane Schulman
Vice President, Adult & Continuing Education
LaGuardia Community College

In summer 2006, over 174,000 residents of the northwest section of Queens were directly affected by a nine-day power outage. A subsequent lawsuit filed by the residents against the utility company ConEdison resulted in a settlement with both residents and businesses in the affected areas. Through the settlement, LaGuardia Community College received \$200,000 from Pace University in 2009 to conduct a one year study, *2006 ConEdison Blackout*, to better assess the economic impact of the blackout on the affected residents and business owners.

Professor Schulman and consultant John Saul have overseen the project and believe the importance of the study is twofold in that the data collection was primarily conducted at an urban community college and the students of the college had the opportunity to be engaged in the research project. “So many of our students speak the languages of the communities we were surveying, which shows the value of a community college.”



Michele Cuomo
Assistant Dean, Academic Affairs
Queensborough Community College

Professor Cuomo was seeking a model to help deliver services to students in a different way. “Urban community college students have a different set of circumstances than their rural or private counterparts. Often students of urban community colleges are first generation college students and may lack the support network necessary to help them succeed in college.” When the Robin Hood Foundation awarded her \$570,000 over four years she implemented *MDRC Learning Communities*, a national study of community colleges and learning communities.

One of the critical opportunities of a learning community is the building of a social network where students rely on one another for academic support. Although Professor Cuomo’s final study results are pending, her preliminary findings demonstrate that students who participate in learning communities are more engaged, have a better understanding of the connection between the disciplines, form bonds with other students, and were more enriched by the experience.





Vasil Diyamandoglu

*Assistant Professor, Civil Engineering
Director NYC Materials and Exchange
Development Program*

City College

The concept of reuse, while closely associated with recycling, differs from recycling in that no change is made to the material generated. Professor Diyamandoglu studies reuse and solid waste management in his \$3.3 million, ten-year NYC Department of Sanitation project, *NYC Materials and Exchange Program*. Presently in its sixth year, the program was established to facilitate the exchange of large quantities of unusable materials (within the commercial and industrial sectors) from the generator to an end user who has use for the materials as they are. His Waste Match site is a virtual exchange post for those in the commercial/industrial sector seeking to exchange myriad materials including countertops, stoves, office furniture, doors, etc. The program benefits both the generator (free disposal) and end user (free acquisition).

Professor Diyamandoglu has developed a baseline of reuse activities in NYC and tracks commercial/ industrial activity to understand the trends of products most generated by this sector. He also examines regional distribution to identify the factors influencing the generation of materials within each region. Intangible benefits of reuse are energy and resource conservation, which align with the program's overall goal of reducing the quantity of solid waste that has to be land filled. "If you continue to use a product in its original form, you save the energy it takes to produce a new product and divert refuse from landfills."



Glenda Self

Director, Building Trades & Property Management
Bronx Community College

Project H.I.R.E. needs no advertisement to recruit students for its 20-week, 600 hour building trades and property maintenance training program. Ms. Self regularly refers to a lengthy waiting list of candidates interested in receiving hands-on classroom training in demolition, painting, tiling, plumbing, electrical installation and repairs, framing, and sheetrock installation. Funded for a total of \$435,000 from 2006 to 2009 by the NYC Department of Environmental Protection and the NY Yankees, the program accepts 35 students per cycle.

Students begin with two completely constructed apartments (one of which is a duplex) in their “classroom” at the college’s campus. They first learn demolition skills by tearing down both apartments then work in teams, designate a project manager to design floor plans for two new apartments, and begin construction. The program provides students with the technical skills necessary to work in property maintenance and construction industry unions. Of equal importance is the culture of the construction industry, which Ms. Self views as “the most difficult thing to learn,” and states, “This program gives adults tangible skills and to be successful [in an industry] you have to learn the culture of that particular industry.” Graduates of the programs (many of them Bronx residents) have contributed to their communities as construction workers for the new Yankee Stadium and Gateway Center at Bronx Terminal Market.





American Recovery and Reinvestment Act

In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) to create new jobs, save existing ones, spur economic activity, invest in long-term growth, and foster accountability. Scientific research is included among the many projects that the Recovery Act funds. As of publication, CUNY has received nearly \$50 million in ARRA funding. The profiles that follow showcase important scientific research projects supported in whole or part by ARRA funding.



Gregory O'Mullan
Assistant Professor, School of Earth and Environmental Sciences
Queens College

Human activities including agricultural activities and sewage release have dramatically altered the NY coastal environment. Additionally, human activity has increased the delivery of nutrient pollution to natural waters, changing them significantly. Professor O'Mullan studies nutrient pollution in his three-year, \$221,000 NSF research project, *Implication of Anammox Community Structure and Microbial Interactions in Estuarine N Removal Processes*. He is interested in the distribution, diversity, and interactions occurring within the anammox group of bacteria involved in the nutrient cycle.

Unlike pathogens, anammox bacteria (an ammonia oxidizing bacteria) perform a useful and important ecosystem service by breaking down the nutrients and releasing nitrogen gas into the air. Professor O'Mullan seeks to comprehend what occurs through the activity of these helpful bacterial populations. "We are trying to understand the way the natural system works and how human activities influence the natural functioning of bacteria. If we understand those consequences, we can begin to minimize our impact."



Peter Orland
Professor, Natural Sciences
Baruch College

Quantum chromodynamics (QCD) is a theory describing the strong interaction or forces in elementary particle physics. It is also a force law (similar to gravity or electromagnetic attraction) with two properties: asymptotic freedom and confinement. Professor Orland's three year, \$211,000 NSF grant, *Soft Scattering, Integrability and Confinement in QCD*, focuses on identifying the mathematical solution of the QCD theory.

At the subatomic particle level, protons are composed of three fundamental particles called *quarks*. When quarks work together in close distances their behavior is understood. Professor Orland investigates the phenomena of particle formation at the ends of quarks when separated into longer distances and how the size of these strongly interactive particles changes with energy. He seeks to understand how nature will behave beyond the theories we now have. "We have a very good set of formulas, but there is a large gap between what we think occurs and what we can actually prove happens."



Elizabeth Sklar

*Associate Professor and Undergraduate Deputy Chair,
Computer & Information Science
Brooklyn College*

Most people associate the term 'human-robot interaction' (HRI) with science fiction, but to Professor Sklar it's all in a day's work. Her three year, \$345,000 NSF funded project, *Metrobotics; Robotics Research at an Urban Public University*, is an opportunity to study the ways humans can effectively interact with robots through multi-agent systems (simulations involving complex social systems with multiple entities).

The technical aim of the project is learning how to work around some of the limitations of robots such as language communication and vision capabilities while capitalizing on what robots can do well that humans cannot. Undergraduates (primarily computer science students) from other CUNY colleges are drawn to participate in this research experience and Professor Sklar indicates the importance of the project stating, "Bringing techniques from the theoretical to the physical is a big contribution to academic research. There's also nothing more exciting than watching students learn and figure something out."



Haiping Cheng

*Associate Professor, Biological Sciences
Lehman College*

The alfalfa plant contains a very unique feature; as its nitrogen levels decrease it initiates a nitrogen-fixing symbiotic relationship with bacteria and grows a specific root structure. Its cells fill with symbiotic bacteria that convert nitrogen to ammonia. Professor Cheng studies the mechanism by which bacteria recognize the signaling pathway to cell entry in his three-year, \$135,000 NIH project, *A Periplasmic Global Regulator, ExoR, for Bacterial Invasion of Host Cells*.

As all bacteria seek to enter human cells, some human pathogenic bacteria will develop clever strategies to trigger the host mechanically or by secretion of a protein. Working with the alfalfa plant as a model system, Professor Cheng uses centrifugation to break up the cells and carefully examine the ExoR protein to understand how bacteria sense the presence of their host. "Once we learn how to prevent bacteria from attacking our cells, they cannot enter our body and cause disease."



Diana E. Friedland

*Associate Professor of Chemistry, Sciences
John Jay College*

The American pokeweed plant is a pervasive plant found throughout the US and grows heavily in NYC's Central Park. Many of the city's residents utilize the plant for decorative purposes. Professor Friedland prefers to study pokeweed for its antiviral properties in her project, *Pokeweed Antiviral Protein Selection of mRNA; Effects of mRNA Structure and Initiation Factors* a three-year, \$416,000 NSF sponsored research study.

In various stages of its life cycle, pokeweed produces an antiviral protein (PAP) lethal to certain animals. Used in clinical trials, PAP has been known to have antibacterial and antifungal properties. It also belongs to the class of protein that inactivates protein synthesis. Professor Friedland is interested in advancing antiviral research by investigating the defense mechanism of PAP and the anti-pathogen strategy of plants. "The more you know about the function of a mechanism, the greater your ability to control that mechanism and use it for positive purposes."



William Kowalczyk
Doctoral Student, Neuropsychology
Graduate School and University Center



Sarit Golub
Associate Professor
Graduate School and University Center

Professor Golub and William Kowalczyk collaborate on the project, *Neuropsychological Functioning in HIV Positive and Methamphetamine Using Men*, a National Institute on Drug Abuse two-year, \$52,000 pre-doctoral research grant. Their investigative impetus emerges out of findings within HIV literature demonstrating that HIV is associated with impairment and cognitive functioning. Therefore, they study how cognitive functioning impacts treatment adherence.

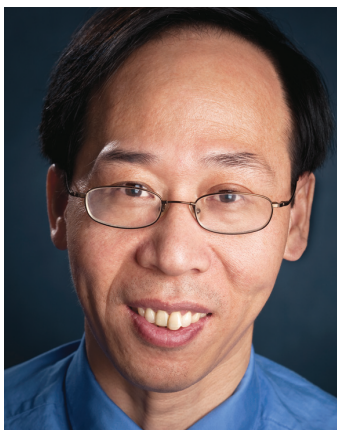
The two-fold project focuses on neuropsychological functioning as the moderator of effective intervention in the context of a randomized control trial and the role of neuropsychological functioning in sexual risk taking among HIV positive, substance abusing men who have sex with men. Their innovative study is among the few that examine both treatment adherence and sexual risk taking as two different outcomes. "Having a student with a level of expertise makes for great collaboration and the benefit of this collaboration is the way in which our backgrounds, while different, compliment one another."



Clayton Petsche
Assistant Professor, Mathematics & Statistics
Hunter College

Professor Petsche describes his research as the amalgamation of two established areas of mathematics—number theory and dynamical systems—in his three-year, \$120,000 NSF project, *Algebraic Dynamics over Global Fields: Geometric and Analytic Methods*.

Number theory examines solutions to equations with integer coefficients (whole numbers) and one of the branches of number theory Professor Petsche studies is Diophantine equations (solutions that require integers). Dynamical systems are mathematical objects or shapes where the application of a function repeats itself, also known as iteration. The interplay between number theory and dynamical systems, a relatively new field, provides rich questions and it is the hidden relationships between these two subjects that Professor Petsche examines in order to find solutions to dynamic problems. "The main goal is to ask good questions and provide answers to the kinds of questions that are intrinsically part of dynamics and number theory. This way of looking at them is quite new."



Qiao-Sheng Hu
Professor, Chemistry
College of Staten Island

Like many researchers, Professor Hu is aware that the final outcome of his research may be years away. But his outlook is enthusiastic as he works toward developing new methods of replacing the wires in electronic devices with molecules in his \$370,000 research project, *Development of Controlled Palladium(0)-Catalyzed Cross-Coupling Polymerizations*, funded by NSF for three years. His research focuses on the use of molecules to build circuitry and studies how to conjugate polymers (which have the ability to conduct electricity) by utilizing the Palladium(0) compound as a catalyst. The success of his project would significantly impact the fields of molecular electronics and nanotechnology and may lead to the development of new, efficient processes to conjugate polymers with controlled length. “We believe in the future the wires we now use for computers and other electronics will eventually be replaced by a type of nanoscale molecule.”



Giovanni Ossola
Assistant Professor, Physics
New York City College of Technology

The Standard Model of particle physics is a theory related to the interaction of existing particles. In his two-year, \$115,000 NSF project, *Automated Computation of One-loop Scattering Amplitudes*, Professor Ossola utilizes numerical and computer-based techniques to examine the effects of particle collision. Colliding protons at very high energy causes new particles to emerge and exploring these energy ranges may provide information outside of what is presently known about the Standard Model. Professor Ossola aims to improve the quality of the existing theoretical predictions of particle collision and extend those calculations to the next level of precision (one-loop calculation). His research is technical, yet fundamental and may reveal a greater understanding of our universe. “We explore these regions because we know our model is not complete and there are many unanswered questions. By seeing collisions and new particles emerging we hope to provide insight to some of the questions we have.”



Emmanuel J. Chang
Assistant Professor, Chemistry
York College

Professor Chang is trained in mass spectrometry, an analytical technique used in chemistry to determine—with high precision—the composition of molecules. He applies the technique in his three-year, \$317,000 NIH research study, *Using Stable Isotope Labeling/Mass Spectrometry to Probe CDK1 Multi-Site Phosphorylation Dynamics* and focuses specifically on Cyclin-dependent kinases (CDK1), a family of proteins central in controlling cell division.

The weight of a molecule and its elements is useful in accurately identifying a molecule, which enables Professor Chang to determine its chemical composition. He uses mass spectrometry as a quantitative means of learning the differences in phosphorylation (a chemical process that activates or deactivates protein enzymes). “The strength of this technique over other techniques is that it’s rapid, general and quite precise.” In looking at the kinetics of phosphorylation and gaining detailed knowledge of how CDK1 operates, he hopes to clearly understand how cells work and divide.

STATEN ISLAND

Fiscal Year 2009 Audited Financial Statements

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Supplemental Financial Schedules

(unaudited)

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Independent
Auditors' Report

The Board of Directors
Research Foundation of The City University of New York:

We have audited the accompanying consolidated balance sheets of the Research Foundation of The City University of New York (the Foundation) as of June 30, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Research Foundation of The City University of New York as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2009 consolidating information is presented for purposes of additional analysis of the 2009 consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities. The 2009 consolidating information has been subjected to the auditing procedures applied in the audit of the 2009 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 consolidated financial statements taken as a whole.

KPMG LLP

October 29, 2009

Consolidated
Balance Sheets

June 30, 2009 and 2008
(with consolidating information
as of June 30, 2009)

	2009					2008
	Foundation	230 West 41st Street LLC	Grants Plus	Eliminations	Total	
	Consolidating Information					
Assets						
Cash and cash equivalents	\$ 73,403,123	1,490,504	117,411	—	75,011,038	72,359,972
Restricted cash (notes 2(l), 10, 11, and 14)	—	3,391,924	—	—	3,391,924	4,158,508
Grants, contracts, and accounts receivable (net of allowance of \$4,500,000 in 2009 and \$4,300,000 in 2008)	50,401,746	—	12,704	(55,000)	50,359,450	48,412,618
Loans receivable (note 13)	2,014,066	—	—	—	2,014,066	2,042,557
Rent receivable (net of allowance of \$37,306 in 2008)	—	86,684	—	—	86,684	784,848
Prepaid expenses and other assets	418,137	220,667	—	—	638,804	428,398
Investments, at fair value (note 3)	64,148,719	—	—	—	64,148,719	53,891,774
Investment in Grants Plus	21,935	—	—	(21,935)	—	—
Investment in 230 West 41st Street LLC (LLC)	7,772,976	—	—	(7,772,976)	—	—
Due from Sole Member	—	96,760	—	(96,760)	—	—
Deferred rent receivable	—	4,517,922	—	(995,415)	3,522,507	3,306,489
Value of in-place leases (net of accumulated amortization of \$4,990,303 in 2009 and \$4,549,535 in 2008) (note 9)	—	1,961,952	—	—	1,961,952	2,402,720
Above-market leases (net of accumulated amortization of \$2,257,754 in 2009 and \$1,964,838 in 2008) (note 9)	—	1,320,978	—	—	1,320,978	1,613,894
Deferred financing costs (net of accumulated amortization of \$1,299,260 in 2009 and \$967,888 in 2008)	—	1,435,347	—	—	1,435,347	1,623,514
Fixed assets:						
Rental property, net (note 9)	—	54,869,191	—	—	54,869,191	56,290,861
Furniture, fixtures, and equipment (net of accumulated depreciation of \$2,523,519 in 2009 and \$2,123,353 in 2008)	874,648	—	—	—	874,648	1,196,362
Leasehold improvements (net of accumulated amortization of \$145,827 in 2009 and \$109,927 in 2008)	320,871	—	—	—	320,871	356,771
Total assets	\$199,376,221	69,391,929	130,115	(8,942,086)	259,956,179	248,869,286

Consolidated
Balance Sheets

June 30, 2009 and 2008
(with consolidating information
as of June 30, 2009)
(Continued)

	2009					2008
	Foundation	230 West 41st Street LLC	Grants Plus	Eliminations	Total	
	Consolidating Information					
Liabilities and Net Assets (Deficit)						
Accounts payable and accrued expenses	\$ 44,332,826	518,923	104,655	(55,000)	44,901,404	36,115,209
Deferred revenue (note 5)	57,833,089	—	3,525	—	57,836,614	60,218,568
Grants payable to CUNY (note 8)	1,485,651	—	—	—	1,485,651	1,187,556
Revolving credit loan payable (note 13)	1,698,218	—	—	—	1,698,218	1,874,948
Loan from LLC	96,760	—	—	(96,760)	—	—
Deferred rent payable	995,415	—	—	(995,415)	—	—
Security deposits payable	—	590,915	—	—	590,915	624,210
Deposits held in custody for CUNY colleges	69,770,779	—	—	—	69,770,779	66,474,693
Below-market leases (net of accumulated amortization of \$233,152 in 2009 and \$210,266 in 2008) (note 9)	—	102,586	—	—	102,586	125,472
Deposits held in custody for tenant (note 11)	—	439,898	—	—	439,898	625,652
Postretirement benefits payable (note 4)	49,920,311	—	—	—	49,920,311	39,325,856
Mortgage loan payable (note 10)	—	59,966,631	—	—	59,966,631	60,725,953
Total liabilities	226,133,049	61,618,953	108,180	(1,147,175)	286,713,007	267,298,117
Net assets (deficit):						
Unrestricted:						
Postretirement benefits	(49,920,311)	—	—	—	(49,920,311)	(39,325,856)
230 West 41st Street LLC	7,772,976	7,772,976	—	(7,772,976)	7,772,976	9,139,154
Grants Plus	21,935	—	21,935	(21,935)	21,935	16,540
Other	15,368,572	—	—	—	15,368,572	11,741,331
Total net assets (deficit)	(26,756,828)	7,772,976	21,935	(7,794,911)	(26,756,828)	(18,428,831)
Total liabilities and net assets (deficit)	\$199,376,221	69,391,929	130,115	(8,942,086)	259,956,179	248,869,286

See accompanying notes to consolidated financial statements.

Consolidated Statements
of Activities

Years ended June 30, 2009 and 2008
(with consolidating information
for the year ended June 30, 2009)

	2009					2008
	Foundation	230 West 41st Street LLC	Grants Plus	Eliminations	Total	
Consolidating Information						
Grants and contracts administered for others:						
Revenue:						
Governmental	\$ 244,965,972	—	—	—	244,965,972	240,648,182
Private	93,652,066	—	—	—	93,652,066	85,457,526
Total grants and contracts revenue	338,618,038	—	—	—	338,618,038	326,105,708
Expenses:						
Research	(104,936,360)	—	—	—	(104,936,360)	(98,474,386)
Training	(97,581,267)	—	—	—	(97,581,267)	(100,987,819)
Academic development	(91,532,401)	—	—	—	(91,532,401)	(84,890,766)
Student services	(35,149,989)	—	—	—	(35,149,989)	(28,960,714)
Other	(9,418,021)	—	—	—	(9,418,021)	(12,792,023)
Total grants and contracts expenses	(338,618,038)	—	—	—	(338,618,038)	(326,105,708)
Administrative services:						
Revenue:						
Administrative fees	23,844,741	—	78,348	(55,000)	23,868,089	21,607,333
Investment return (note 3)	2,306,237	—	—	—	2,306,237	3,422,912
Rental income (note 6)	—	12,133,154	—	(2,535,373)	9,597,781	9,412,198
Donated services	—	—	431,926	(431,926)	—	—
Other	182,846	—	—	—	182,846	815,441
Total administrative revenue	26,333,824	12,133,154	510,274	(3,022,299)	35,954,953	35,257,884

Consolidated Statements
of Activities

Years ended June 30, 2009 and 2008

(with consolidating information
for the year ended June 30, 2009)

(Continued)

	2009					2008
	Foundation	230 West 41st Street LLC	Grants Plus	Eliminations	Total	
	Consolidating Information					
Expenses:						
Management and general	(20,325,792)	—	—	2,535,373	(17,790,419)	(17,477,885)
Postretirement credit (note 4)	(105,838)	—	—	—	(105,838)	322,322
Grants to CUNY for central research initiatives (note 8)	(2,300,000)	—	—	—	(2,300,000)	(2,300,000)
Investment return allocated to individual colleges	(1,110,535)	—	—	—	(1,110,535)	(221,950)
Operating expenses of LLC (note 12)	—	(4,362,815)	—	—	(4,362,815)	(4,591,897)
Interest expense	—	(3,986,202)	—	—	(3,986,202)	(4,023,660)
Real estate taxes (note 14)	—	(557,263)	—	—	(557,263)	(636,666)
Depreciation and amortization	(436,066)	(2,714,788)	—	—	(3,150,854)	(3,245,456)
Donated expenses (note 11)	—	—	(431,926)	431,926	—	—
Other (note 11)	(34,190)	(378,264)	(72,953)	55,000	(430,407)	(284,979)
Total administrative expenses	(24,312,421)	(11,999,332)	(504,879)	3,022,299	(33,794,333)	(32,460,171)
Excess of revenue over expenses before other changes	2,021,403	133,822	5,395	—	2,160,620	2,797,713
Other changes:						
Change in Foundation investment in 230 West 41st Street LLC	(1,366,178)	—	—	1,366,178	—	—
Change in Foundation investment in Grants Plus 230 West 41st Street LLC distribution to Sole Member	5,395	—	—	(5,395)	—	—
Loss not yet recognized as component of net periodic postretirement benefit cost	(10,488,617)	—	—	—	(10,488,617)	(8,942,107)
(Decrease) increase in net assets	(8,327,997)	(1,366,178)	5,395	1,360,783	(8,327,997)	(6,144,394)
Net assets (deficit) at beginning of year	(18,428,831)	9,139,154	16,540	(9,155,694)	(18,428,831)	(12,284,437)
Net assets (deficit) at end of year	\$ (26,756,828)	7,772,976	21,935	(7,794,911)	(26,756,828)	(18,428,831)

See accompanying notes to consolidated financial statements.

Consolidated Statements of
Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Decrease in net assets	\$ (8,327,997)	(6,144,394)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,568,179	2,562,014
Disposal of fixed assets	—	—
Amortization of deferred financing costs	331,372	295,953
Amortization of in-place leases	440,768	576,954
Amortization of above- and below-market leases	270,030	362,994
Loss not yet recognized as component of net periodic postretirement benefit cost	10,488,617	8,942,107
Net (appreciation) depreciation in fair value of investments	(863,450)	1,039,009
Changes in assets and liabilities:		
Restricted cash	(767,146)	(866,616)
Grants, contracts, accounts, and rents receivable	(1,248,668)	(11,373,995)
Prepaid expenses and other assets	(210,406)	300,058
Deferred rent receivable	(216,018)	(443,030)
Accounts payable and accrued expenses, prepaid rent, and security deposits payable	8,752,900	8,269,383
Deferred revenue	(2,381,954)	4,066,792
Grants payable to CUNY	298,095	(929,816)
Postretirement benefits payable	105,838	(322,322)
Deposits held in custody for CUNY colleges	3,296,086	5,097,433
Net cash provided by operating activities	12,536,246	11,432,524
Cash flows from investing activities:		
Decrease (increase) in loan receivables	28,491	(6,175)
Purchases of fixed assets	(78,452)	(121,943)
Expenditures for rental property improvements	(710,443)	(339,212)
Disposal of rental property improvements	—	444,969
Restricted cash	1,533,730	3,218,282
Deposits held in custody for tenant	(185,754)	(2,294,809)
Deposits held for LLC	—	(468,910)
Payment of deferred leasing costs	(143,205)	(128,968)
Purchases of investments	(175,569,070)	(152,780,228)
Sales and maturity of investments	166,175,575	143,793,149
Net cash used in investing activities	(8,949,128)	(8,683,845)

Consolidated Statements of
Cash Flows

Years ended June 30, 2009 and 2008

(Continued)

	2009	2008
Cash flows from financing activities:		
Payments under revolving credit loan	(176,730)	(125,052)
Payments under mortgage loan	(759,322)	(708,587)
Net cash used in financing activities	(936,052)	(833,639)
Net increase in cash and cash equivalents	2,651,066	1,915,040
Cash and cash equivalents at beginning of year	72,359,972	70,444,932
Cash and cash equivalents at end of year	\$ 75,011,038	72,359,972
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 3,792,620	3,834,194

See accompanying notes to consolidated financial statements.

(1) Organization and Purpose

The Research Foundation of The City University of New York (the Foundation) was chartered in 1963 to further the purposes of The City University of New York (the University or CUNY) and other not-for-profit organizations, through the pursuit, acquisition, and administration of grants and gifts. The Foundation is a separate legal entity and is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code).

230 West 41st Street LLC (the LLC) was established on May 7, 2004 as a Delaware limited liability company and organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 between the Foundation (the Sole Member with a 100% interest in the LLC) and the LLC. The LLC was formed to acquire, own, and operate an approximately 300,000 square-foot office building located at 230 West 41st Street in New York, New York (the Property).

Single-member limited liability companies organized as provided under the Agreement are generally treated as disregarded entities for federal, state, and local income tax purposes, and accordingly, income taxes have not been provided for in the accompanying consolidated financial statements.

Grants Plus Inc. (Grants Plus) was created by the Foundation and incorporated in May 2004 to provide postaward administration of sponsored programs for not-for-profit organizations other than the Foundation or CUNY. Grants Plus is a separate legal entity exempt from federal income taxes under the provisions of Section 501(c)(3) of the Code.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements, which consolidate the Foundation, the LLC, and Grants Plus (collectively, the Organization), are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States for external financial reporting by not-for-profit organizations. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed restrictions. In addition, grants and contracts for the performance of certain services or functions are reported in the unrestricted net asset category.

Temporarily restricted net assets—Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. The Organization had no temporarily restricted net assets at June 30, 2009 and 2008.

Permanently restricted net assets—Net assets subject to donor-imposed restrictions stipulating that funds be maintained permanently by the Organization, but permit the Organization to expend part or all of the income derived therefrom. The Organization had no permanently restricted net assets at June 30, 2009 and 2008.

Revenues and gains and losses on investments and other assets are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets.

(b) Grants and Contracts

Revenue from grants and contracts, awarded to and accepted by the Foundation, Grants Plus, and various units of the University, as joint grantees, primarily for research, training, and academic development programs, is recognized as earned, that is, as the related costs are incurred under the grant or contract agreements.

Facilities and administrative costs recovered on grants and contracts are recorded at rates established by the Foundation with its federal cognizant agency, or predetermined by the nonfederal sponsor. Facilities and administrative cost rates for government grants and contracts are subject to audit, and subsequent final settlements, if any, are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the consolidated financial statements.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses

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during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Management adjusts such estimates when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

(d) Cash Equivalents

Highly liquid debt instruments with maturities at date of purchase of three months or less are classified as cash equivalents, except for those short-term investments that are managed by an external investment manager for long-term investment purposes.

(e) Investments

Investments are reported at fair value based upon quoted market prices. Realized and unrealized gains and losses on investments are reflected in the accompanying consolidated statements of activities.

(f) Revenue Recognition

In accordance with Statement of Financial Accounting Standards (SFAS) No. 13, *Accounting for Leases*, base rent income relating to the LLC is recognized on a straight-line basis, rather than in accordance with lease payment schedules, for purposes of recognizing a constant annual rental income. Scheduled base rent increases and the effects of rent abatements are spread evenly over the terms of the respective leases. Differences between the straight-line rents recorded and the amounts actually received are included in deferred rent receivable. Allowances are provided for uncollectible amounts.

(g) Rental Property

Building and building improvements of the LLC are carried at cost and are depreciated, using the straight-line method, over their estimated useful lives of 39 years or the life of the improvements, whichever is shorter. Significant renovations or improvements, which extend the economic life of the Property, are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

The LLC follows the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which updates and clarifies the accounting and reporting for impairment of assets held in use and to be disposed of.

The LLC reviews the carrying amount of the Property for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment adjustments have been made as a result of this review process during 2009 or 2008.

(h) Fixed Assets

Furniture, fixtures, and equipment and leasehold improvements are stated at cost. Depreciation of furniture, fixtures, and equipment is computed on a straight-line basis, over the estimated useful lives of the assets, ranging from five to seven years. Amortization of leasehold improvements is computed on a straight-line basis, over the estimated useful lives of the assets, not to exceed the remaining life of the lease.

Equipment purchased by the Foundation on behalf of various units of the University from grant and contract funds is to be used in the project for which it was purchased and is not included in the Foundation's fixed assets on the accompanying consolidated balance sheets.

(i) Purchase Accounting for Acquisition of Real Estate

The fair value of the LLC's acquired rental property was allocated to the acquired tangible assets, consisting of land and building; and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values.

Above-market and below-market leases were recorded as assets and liabilities, respectively, and amortized as direct charges against rental revenues over the noncancelable periods of the respective leases. The value of in-place leases is amortized to expense over the remaining noncancelable periods of the respective leases.

The weighted average amortization period for value of above-market leases, below-market leases, and in-place leases is approximately five years.

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(Continued)

(j) Deferred Leasing Costs

Deferred leasing costs, included in deferred costs, represent costs incurred in the successful negotiation of leases, including legal and brokerage fees. These costs are amortized on a straight-line basis over the terms of the related tenant lease.

(k) Deferred Financing Costs

Deferred financing costs, included in deferred costs, were incurred in obtaining long-term financing for the LLC. Such costs are being amortized on a straight-line basis over the term of the related debt and are recorded as a component of interest expense.

(l) Restricted Cash

Restricted cash of the LLC includes amounts to be funded for tenant improvements, replacements and repairs, and leasing commissions as required by the LLC's loan agreement. Restricted cash also includes tenant security deposits held in accordance with tenant leases and other tenant deposits held for improvements to leased space. Restricted cash relating to the LLC's loan agreement and tenant security deposits was \$2,952,026 and \$3,532,856 at June 30, 2009 and 2008, respectively. Also, included in restricted cash of the LLC were advances from CUNY of \$439,898 and \$625,652 at June 30, 2009 and 2008, respectively.

(m) Deposits Held in Custody for CUNY Colleges

Deposits held in custody for CUNY colleges reflect those resources held on behalf of the individual colleges of the University. These deposits are credited with facilities and administrative cost, released time, summer salary recoveries, and interest income for the respective colleges.

Released time recoveries represent personal service costs for individuals on the various colleges' payrolls who report effort under grants or contracts. When colleges replace an individual providing time and effort to sponsored projects, the Foundation processes payroll for these individuals or the school will process the payroll and the Foundation will reimburse the school. The reimbursement of personal service costs are reflected as deductions of deposits held in custody for CUNY.

Facilities and administrative costs are considered recoveries of the specific colleges and, accordingly, are credited to deposits held in custody for CUNY colleges.

(n) Fair Value Measurements

Effective July 1, 2008, the Organization adopted SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at measurement date. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

(o) Recently Issued Accounting Standard

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes*. FIN No. 48 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FIN No. 48 also requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. The Organization has elected to defer adoption of FIN No. 48 in accordance with FASB Staff Position No. 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which defers the effective date of FIN No. 48 for nonpublic entities included within its scope to annual financial statements for years beginning after December 15, 2008. The Organization is currently evaluating the impact that FIN No. 48 will have on its 2010 financial statements upon adoption; however, the effects are not expected to have a material impact.

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(3) Investments

Investments held by the Foundation consist of the following at June 30, 2009 and 2008:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
U.S. money market	\$10,348,588	10,348,588	10,737,798	10,737,798
U.S. Treasury bills	28,043,900	28,029,137	19,174,269	19,141,194
U.S. government agency obligations	25,727,744	25,712,284	20,846,317	20,800,322
U.S. equity securities	28,487	25,980	23,790	25,980
Auction rate securities	—	—	3,109,600	4,000,000
Total	\$64,148,719	64,115,989	53,891,774	54,705,294

SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at measurement date.
- **Level 2 inputs** are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- **Level 3 inputs** are unobservable inputs for the assets or liabilities.

At June 30, 2009, the Foundation's investments that are reported at fair value are categorized as Level 1.

At the beginning of fiscal year 2009, the Foundation held Level 3 assets (auction rate securities) at fair market value of \$3,109,600. During fiscal year 2009, the Foundation sold all of these instruments and realized gains on the sale of approximately \$890,000, after recognizing interest income of \$72,000. At June 30, 2009, there are no Level 3 investments held by the Foundation.

Components of investment return, including interest on cash and cash equivalents, are as follows for the years ended June 30, 2009 and 2008:

	2009	2008
Interest income	\$1,442,787	4,461,921
Net appreciation (depreciation) in fair value of investments	863,450	(1,039,009)
Total	\$2,306,237	3,422,912

(4) Pension and Other Retirement Benefits

Eligible employees of the Foundation and certain project personnel are covered under a defined contribution pension plan established with Teachers Insurance and Annuity Association (TIAA). The Foundation's contribution to the pension plan is based on specified percentages, ranging from 8% to 14%, of each employee's annual salary. Total pension expense for the years ended June 30, 2009 and 2008 was approximately \$8,685,000 and \$8,249,000, respectively. There are no unfunded past service costs.

In addition to providing pension benefits, the Foundation also provides post-employment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. Postemployment benefits liability included in accounts payable and accrued expenses was approximately \$1,211,701 and \$1,273,000 in 2009 and 2008, respectively.

The Foundation also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 55 and at least 10 years of continuous service.

The Foundation accounts for postretirement medical and other nonpension benefits provided to retirees on an accrual basis during the period of their employment.

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The Foundation charges grants and contracts, as well as the administrative services department for postretirement benefit costs through the application of a fringe benefit rate, an element of which is based upon the estimated amount of such costs. In addition, a charge or credit is recognized in administrative services expenses for the difference between the actuarially determined net periodic postretirement benefit cost and the amount funded (claims paid and contributions to the trust).

Information with respect to the postretirement plan is as follows:

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 79,134,142	68,740,288
Service cost	4,941,128	4,905,697
Interest cost	5,088,799	4,834,181
Actuarial (gain) loss	(769,313)	2,771,961
Benefits paid and administrative expenses	(2,362,373)	(2,117,985)
Benefit obligation at end of year	86,032,383	79,134,142
Change in plan assets:		
Fair value of plan assets at beginning of year	39,808,286	38,034,217
Actual return on plan assets	(9,696,214)	(4,925,931)
Employer contributions	8,362,373	8,817,985
Benefits paid and administrative expenses	(2,362,373)	(2,117,985)
Fair value of plan assets at end of year	36,112,072	39,808,286
Funded status, recorded as a liability in the accompanying balance sheets	\$(49,920,311)	(39,325,856)

	2009	2008
Weighted average assumptions as of June 30:		
Discount rate	6.25%	6.85%
Expected return on plan assets	5.50	5.50

	2009	2008
Components of net periodic cost:		
Service cost	\$ 4,941,128	4,905,697
Interest cost	5,088,799	4,834,181
Expected return on plan assets	(2,354,598)	(2,276,132)
Amortization of transition obligation	757,413	757,413
Recognized prior service credit	(779,041)	(779,041)
Recognized net loss	814,510	1,053,544
Net periodic benefit cost	\$ 8,468,211	8,495,662

Weighted average assumptions for the year ended June 30:		
Discount rate	6.85%	6.35%
Expected return on plan assets	5.50	5.50

For measurement purposes, healthcare costs, other than Medicare Part B, were assumed to increase by 9.0% for the year ended June 30, 2009, to decrease by 0.5% in 2010 and then decrease by 1.0% in years 2011 through 2014 to an ultimate rate of 5.0%. Medicare Part B costs were assumed to increase by 4.0% annually.

Assumed healthcare trend rates have a significant effect on the amounts reported for postretirement plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects for 2009:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 1,775,242	(1,487,838)
Effect on postretirement benefit obligation	13,301,305	(11,369,096)

For the years ended June 30, 2009 and 2008, the Organization made contributions to the postretirement plan of \$6,000,000 and \$6,700,000, respectively. In addition, for the years ended June 30, 2009 and 2008, the Organization paid claims and expenses of \$2,362,373 and \$2,117,985, respectively. The Organization expects to contribute or pay claims and expenses aggregating approximately \$8,700,000 in 2010.

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The benefits expected to be paid in each fiscal year from 2010 through 2014 and the five subsequent years are:

Year:	
2010	\$ 2,700,149
2011	3,137,761
2012	3,561,000
2013	3,975,220
2014	4,546,995
2015–2019	28,308,578

At June 30, 2009 and 2008, the items not yet recognized as a component of net periodic benefit cost are as follows:

	2009	2008
Transition obligation	\$ 6,665,224	7,422,637
Prior service credit	(4,148,684)	(4,927,725)
Net loss	30,694,407	20,227,418
Total unamortized items	\$33,210,947	22,722,330

The transition obligation, prior service credit, and actuarial loss that are expected to be amortized into net periodic cost in fiscal 2010 are as follows:

Transition obligation	\$ 757,413
Prior service credit	(779,041)
Actuarial loss	2,322,241

The postretirement plan's weighted average asset allocations at June 30, 2009 and 2008 by asset category are as follows:

	Target Allocation			
	2009	2008	2009	2008
Equity securities	30%–66%	30%–66%	60.0%	56.0%
Debt securities	30%–60%	30%–60%	23.0	36.0
Real estate	0%– 5%	0%– 5%	—	—
International equity	10%–20%	10%–20%	—	—
Cash equivalents	0%– 5%	0%– 5%	17.0	8.0
			100.0%	100.0%

The following table presents the Foundation's fair value hierarchy for postretirement assets, which are measured at fair value on a recurring basis, as of June 30, 2009:

	Fair Value	Level 1	Level 2	Level 3
Equity securities	\$21,474,207	21,474,207	—	—
Fixed income	8,344,399	2,245,921	5,976,508	121,970
Cash and cash equivalents	6,293,466	6,293,466	—	—
	\$36,112,072	30,013,594	5,976,508	121,970

(5) Deferred Revenue

At June 30, 2009 and 2008, cash advances for grants and contracts are for the following projects:

	2009	2008
Research	\$10,971,043	11,604,691
Training	13,686,070	13,777,202
Academic Development	23,072,478	22,840,742
Student Services	6,811,528	9,469,472
Other	3,295,495	2,526,461
	\$57,836,614	60,218,568

(6) Commitments

(a) Rental Expenses under Operating Leases

During 2005, the Foundation relocated its headquarters from 555 West 57th Street to 230 West 41st Street. However, the Foundation is obligated under noncancelable operating leases at 555 West 57th Street as follows:

Year ending June 30:	
2010	\$ 996,571
2011	1,023,977
2012	258,299
	\$2,278,847

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(Continued)

The Foundation also sublets, at a lower rate than its contractual lease rate, the leased space at 555 West 57th Street to CUNY. Net rent expense for the years ended June 30, 2009 and 2008 was \$190,871 and \$183,916, respectively.

(b) Rental Income under Operating Leases

Future minimum rental income under the LLC's operating lease is as follows:

2010	\$ 8,006,934
2011	7,750,173
2012	7,313,629
2013	7,336,746
2014	6,875,867
Thereafter	23,260,279

Pursuant to the individual tenant leases, the tenants pay their allocable share of the costs of operating the Property, including real estate taxes, certain insurance premiums, and other expenses that are not included above.

(c) Letter of Credit

In fiscal year 2008, the Foundation entered into an agreement with one of its health insurance carriers whereby the Foundation is required to pay the carrier, in advance, for claims incurred but not reported in the event of plan termination. The carrier has allowed the Foundation to retain this payment, which totals \$2,669,025 and is included as a component of accounts payable and accrued expenses on the accompanying consolidated balance sheet as of June 30, 2009, provided that the funds are secured by an irrevocable letter of credit. The Foundation issued a letter of credit for \$2,528,741 to the carrier, which expires on December 30, 2009.

(7) Fair Value of Financial Instruments

The carrying amounts of cash equivalents, grants, contracts and accounts receivable, accounts payable and accrued expenses, and deposits held in custody for CUNY colleges approximate fair value due to the short maturity of these financial instruments.

The carrying amount of the mortgage loan payable and revolving credit loan payable approximates fair value because these loans bear interest at a rate that is not significantly different than current market rates for loans with similar maturities and credit quality.

(8) Grants to CUNY for Central Research Initiatives

In fiscal years 2009 and 2008, the Foundation approved grants to CUNY for central research initiatives of \$2,300,000 annually.

(9) Purchase of Rental Property

On July 14, 2004, the LLC purchased the Property from a third party for \$60,850,000, including closing costs. The purchase price was paid with equity from the Foundation of \$16,800,000 and a portion of the proceeds from a mortgage loan (note 10). The Property consists of approximately 300,000 square feet of rentable retail and office space and, as of June 30, 2009, was approximately 93% occupied.

Rental property consists of the following at June 30, 2009 and 2008:

	2009	2008
Land	\$ 9,037,040	9,037,040
Building	36,149,160	36,149,160
Building improvements	5,262,412	4,691,782
Tenant improvements	12,580,842	12,441,029
Total	63,029,454	62,319,011
Accumulated depreciation	(8,160,263)	(6,028,150)
Rental property, net	\$54,869,191	56,290,861

In addition to the above acquired tangible assets, the purchase price also included identified intangible assets and liabilities, consisting of the value of above- and below-market (\$458,000) leases, and other value of in-place leases, based in each case on their fair values.

(10) Mortgage Loan Payable

On July 11, 2004, the LLC entered into a mortgage loan (the Loan) with a principal amount of \$62 million, which matures on August 11, 2014. The Loan bears interest at a rate of 6.19% and is payable in monthly installments of interest only through August 2006; thereafter, principal and interest payments are due in equal monthly installments of \$379,328. A balloon payment is due at maturity consisting of unpaid principal of \$55,184,007 and any accrued and unpaid interest.

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(Continued)

Under the terms of the Loan, the LLC is required to deposit monthly payments of \$24,500 into escrow accounts maintained by the LLC consisting of escrow accounts for building capital expenditures and tenant improvements, leasing commissions, lease cancellation fees, and other leasing costs. The LLC had balances in escrow accounts, including interest earned, of approximately \$2,516,000 as of June 30, 2009. In addition, under the terms of the mortgage, the LLC is required to deposit monthly payments to escrow accounts maintained by the LLC for real estate taxes and insurance.

At June 30, 2009, future minimum principal payments are approximately as follows:

2010	\$ 811,000
2011	864,000
2012	909,000
2013	978,000
2014	1,041,000
Thereafter	55,364,000
	\$59,967,000

The Loan is secured by the Property (230 West 41st Street) and assignment of rents and other payments from the tenants.

The Loan is subject to certain restrictive financial covenants, including limitations on the incurrence of additional indebtedness. Management believes the LLC is in compliance with all covenants at June 30, 2009. The Loan is subject to certain prepayment penalties if it is repaid prior to its maturity date.

Also included in restricted cash are amounts to be funded for replacements and repairs, and leasing commissions as required by the loan agreement.

(11) Related-Party Transactions

The Foundation entered into an agreement with CUNY, an affiliate and a tenant in the building, to sublease 66,867 of CUNY's 170,081 square feet of space. The CUNY lease agreement, which expires in June 2017, is at a rate of \$33 per square foot with 2.5% increases effective annually. The Foundation's sublease agreement has the same rate and terms. For the years ended June 30, 2009 and 2008, annual rental revenues earned from CUNY were \$3,921,135, net of sublease expense of \$2,535,373.

At June 30, 2009 and 2008, deposits held in custody for tenant (CUNY) of \$439,898 and \$625,652, respectively, are noninterest bearing and consist of amounts funded by CUNY to be used for their leasehold improvements.

Grants Plus provides administrative services with respect to grants and contracts received by several not-for-profit organizations. Those grants and contracts administered by Grants Plus, as agent for the not-for-profit organizations, in fiscal years 2009 and 2008 approximated \$1,263,000 and \$3,105,000, respectively.

The Foundation paid the operating costs of Grants Plus, which totaled \$431,926 in 2009 and \$405,619 in 2008. These costs are reflected as donated services and expenses in the consolidated statements of activities and they consist of the following:

	2009	2008
Personal services	\$352,980	325,197
Supplies, telephones, and communications	12,912	14,194
Rent	56,034	56,228
Other	10,000	10,000
	\$431,926	405,619

In 2009 and 2008, Grants Plus accrued a management fee of \$55,000 and \$70,000, respectively, payable to the Foundation for services rendered.

(12) Property Management Fees

In July 2004, the LLC entered into a management agreement with GVA Williams to manage and provide leasing services to the Property for one year, at which time it was automatically renewed on a month-to-month basis until terminated by either party giving prior written notice of termination. The agreement provides that the LLC will pay a management fee of \$70,800 per year for years one through three and \$73,200 per year for years four through six. Such expenses are included in operating expenses in the consolidated statements of activities. Additionally, the LLC will pay the property manager a commission in accordance with the terms of the management agreement if the property manager procures a new lease or an extension, renewal, or expansion of an existing lease for space in the Property during the term of this agreement.

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(13) Loan Receivable

In March 2006, the Foundation established a revolving credit loan facility of \$12 million, which bears interest at LIBOR plus 1.75% and which converted to a 10-year term loan in September 2006. The loan was obtained for CUNY's benefit to finance the construction of certain leasehold improvements for leased space at 230 West 41st Street. CUNY entered into a guaranty with the bank to facilitate the loan. Hence, the loan agreement between the Foundation and CUNY specifies that all loan proceeds and related expenses incurred by the Foundation shall be paid by CUNY. During fiscal years 2009 and 2008, the Foundation received from CUNY \$90,371 and \$98,740, respectively, for payment of interest expense. The remaining balance on the loan due from CUNY is \$1,985,248 and \$2,000,000 in principal, and \$28,818 and \$42,557 in interest, as of June 30, 2009 and 2008, respectively.

Grants Plus made loans to one of its clients for working capital purposes. These loans were supported by the client's grants and contracts with federal, state, and city agencies. As of June 30, 2008, outstanding loans totaling \$23,635 were written off. As of June 30, 2009, no outstanding loans were written off.

(14) Real Estate Tax Exemption

During fiscal years 2009 and 2008, the LLC obtained a real estate tax reduction amounting to approximately \$924,600 and \$830,000 relating to an exemption for the portion of the Property used by CUNY as a not-for-profit, tax-exempt organization.

(15) Subsequent Events

Effective June 30, 2009, the Organization adopted SFAS No. 165, *Subsequent Events*. SFAS No. 165 establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The Organization evaluated events subsequent to June 30, 2009 and through October 29, 2009, the date on which the financial statements were approved for issuance. The adoption of SFAS No. 165 had no impact on the Organization's consolidated financial statements.

Budget Categories
of Grants and
Contracts Expenses

Years ended June 30, 2009 and 2008
(unaudited)

	2009	2008
Personal services:		
Salaries and wages	\$157,219,793	148,624,518
Staff benefits	45,139,400	42,082,217
MTA taxes	169,013	—
Total personal services	202,528,206	190,706,735
Other than personal services:		
Supplies	14,586,241	12,619,677
Telephone and communications	208,287	237,362
Postage and shipping	187,962	358,767
Occupancy	4,194,162	3,323,256
Printing and publications	1,000,869	934,497
Travel	5,569,356	5,097,744
Conferences and meetings	4,317,966	3,623,853
Independent contractors	7,891,686	11,415,130
Equipment and furniture	7,226,248	6,585,700
Equipment rental and maintenance	869,193	924,710
Scholarships, fellowships and training allowance	22,421,676	25,003,231
Fundraising	321,849	500,527
Professional fees	52,728	19,096
Subcontracts	21,167,516	15,853,200
Childcare subsidies	1,152,668	1,930,613
Advertising	276,606	188,570
Administrative fees	3,792,110	3,708,923
Other	6,094,597	5,134,183
Subtotal	101,331,720	97,459,039
Facilities and administrative costs reimbursements	34,758,112	37,939,934
Total other than personal services	136,089,832	135,398,973
Total grants and contracts expenses	\$338,618,038	326,105,708

Grants and
Contracts Expenses
by Funding Source

Years ended June 30, 2009 and 2008
(unaudited)

	2009	2008
Governmental grants and contracts:		
National Science Foundation	\$ 26,433,799	24,402,172
Department of Health and Human Services	40,582,264	39,996,706
Department of Education	26,116,577	21,283,063
Other Federal sponsors	21,850,170	27,464,040
State sponsors	50,872,372	48,612,277
Municipal sponsors	79,110,790	78,889,924
Total governmental grants and contracts	244,965,972	240,648,182
Private grants and contracts:		
Corporations	4,750,477	3,974,435
Foundations	13,845,265	10,306,170
Other private	36,636,005	32,456,253
Total private grants and contracts	55,231,747	46,736,858
CUNY grants and contracts		
PSC-CUNY research award program	3,945,230	3,771,545
CUNY miscellaneous	34,475,089	34,949,123
Total CUNY grants and contracts	38,420,319	38,720,668
Total grants and contracts	\$338,618,038	326,105,708

Distribution of Grants
and Contracts Expenses

Years ended June 30, 2009 and 2008
(unaudited)

FEDERAL AWARDS:	2009	Percentage of Total Direct Income	2008	Percentage of Total Direct Income
Direct costs:				
Research programs	\$ 52,675,630	55.00%	\$ 50,110,489	54.16%
Training programs	8,010,355	8.36%	9,990,460	10.80%
Academic development programs	25,947,832	27.09%	25,063,035	27.09%
Student services programs	7,168,805	7.49%	5,665,113	6.12%
Other programs	1,967,480	2.06%	1,696,221	1.83%
Total direct costs	95,770,102	100.00%	92,525,318	100.00%
		Overhead Rate		Overhead Rate
Indirect costs:				
Research programs	15,998,032	30.37%	16,318,326	32.56%
Training programs	386,655	4.83%	1,921,200	19.23%
Academic development programs	2,197,634	8.47%	1,794,082	7.16%
Student services programs	589,042	8.22%	503,341	8.88%
Other programs	41,345	2.10%	83,712	4.94%
Total indirect costs	19,212,708	20.06%	20,620,661	22.29%
Total grants and contracts	\$114,982,810		\$113,145,979	
		Percentage of Total Direct Income		Percentage of Total Direct Income
NON-FEDERAL AWARDS:	2009		2008	
Direct costs:				
Research programs	\$ 31,713,243	15.24%	\$ 28,369,269	14.50%
Training programs	82,630,269	39.71%	79,967,829	40.88%
Academic development programs	60,944,983	29.29%	55,685,786	28.46%
Student services programs	25,576,325	12.29%	21,046,863	10.76%
Other programs	7,225,004	3.47%	10,570,709	5.40%
Total direct costs	208,089,824	100.00%	195,640,456	100.00%
		Overhead Rate		Overhead Rate
Indirect costs:				
Research programs	4,549,455	14.35%	3,676,301	12.96%
Training programs	6,553,988	7.93%	9,108,329	11.39%
Academic development programs	2,441,952	4.01%	2,347,864	4.22%
Student services programs	1,815,817	7.10%	1,745,398	8.29%
Other programs	184,192	2.55%	441,381	4.18%
Total indirect costs	15,545,404	7.47%	17,319,273	8.85%
Total grants and contracts	\$223,635,228		\$212,959,729	
Total Grants and Contracts Expenses	\$338,618,038		\$326,105,708	

Research programs—costs incurred for all research and development activities that are conducted in research centers and institutes.
 Training programs—costs incurred for conducting nonstudent training programs.
 Academic development programs—costs incurred in support of academic activities and program development.
 Student services programs—costs incurred for the administration of student affairs and services for students.
 Other programs—costs incurred for general purpose/equipment grants.

Schedule of
Operating Income

Years ended June 30, 2009 and 2008
(unaudited)

	2009	2008
Revenues collected from:		
Administrative fees:		
Administrative fees—standard & CAB	\$ 20,576,640	18,059,361
Administrative fees—non-standard	1,587,526	1,885,515
Direct fees	735,699	864,574
PSC-CUNY	362,296	416,223
Accrual of administrative fee revenue	530,580	296,166
Administrative fee income from RF Affiliates—230 W 41st Street, LLC	1,500,000	1,500,000
Administrative fee income from RF Affiliates—GrantPlus	52,000	70,000
Total administrative fees	25,344,741	23,091,839
Interest income	1,442,787	4,461,921
Net (depreciation) appreciation in fair value of investments	863,450	(1,039,008)
Miscellaneous income	182,846	815,441
Total income	27,833,824	27,330,193
Revenues allocated to:		
Initial allocations:		
RFCO expenses	(18,831,029)	(18,122,162)
Central allocation budget reserve	(2,300,000)	(2,300,000)
Contingency fund reserve	(100,000)	(100,000)
Employee termination reserve	(100,000)	(100,000)
Legal reserve	(350,000)	(350,000)
Foundation working capital reserve	(750,000)	(750,000)
Support for University-wide sponsored program insurance	(999,135)	(880,000)
Off-site recovery reserve	(50,000)	(50,000)
Reserve for pre-employment background checks	(200,000)	(150,000)
Employee assistance reserve	—	(50,000)
HR/Payroll application replacement	(100,000)	—
Interest distributed to colleges	—	(221,950)
Interest distributed to RFCUNY	—	(15,000)
Interest reserved to offset administrative fee deficit	(558,646)	(1,452,379)
Interest reserved for depreciation on UBS Student Loans	—	(890,400)
(Gain) loss on investments	(863,450)	1,039,008
RFCO internal funds	(5,946)	(19,678)
Mid-year allocations:		
Pre-Award initiative reserve fund	(74,920)	—
Transfer from unrestricted to fund administrative fee deficit	1,243,168	367,976
Funding for loss on lease termination	(189,281)	(182,363)
Total deductions to administrative fee reserve	(24,229,239)	(24,226,948)
Increase to administrative fee reserve	3,604,585	3,103,245
Administrative fee reserve at beginning of year	(2,125,162)	(5,228,407)
Administrative fee reserve at end of year	\$ 1,479,423	(2,125,162)

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