

FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.

**Financial Statements as of
June 30, 2018 and 2017
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 11, 2018

To the Board of Directors of
Friends of the Neuberger Museum of Art, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of the Neuberger Museum of Art, Inc. (a New York not-for-profit corporation) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Neuberger Museum of Art, Inc. as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules I and II are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 1,098,829	\$ 392,225
Due from Purchase College Foundation	73,484	124,379
Contributions receivable	2,146	5,462
Prepaid expenses and other assets	17,938	22,787
Investments	9,207,642	9,545,914
Property and equipment, net	4,987	10,613
Collections (See Note 2)	-	-
	<u>\$ 10,405,026</u>	<u>\$ 10,101,380</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Purchase College	\$ 105,105	\$ 86,506
Due to Purchase College Foundation	118,680	-
Accrued expenses and other liabilities	30,764	55,338
Deferred revenue	16,309	16,309
Total liabilities	<u>270,858</u>	<u>158,153</u>
NET ASSETS:		
Unrestricted	502,627	405,967
Temporarily restricted	5,785,533	5,563,252
Permanently restricted	3,846,008	3,974,008
Total net assets	<u>10,134,168</u>	<u>9,943,227</u>
	<u>\$ 10,405,026</u>	<u>\$ 10,101,380</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

	For the Year Ended June 30, 2018				For the Year Ended June 30, 2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT:								
Special events	\$ 362,490	\$ -	\$ -	\$ 362,490	\$ 175,900	\$ -	\$ -	\$ 175,900
Cost of direct benefits to donors	(56,453)	-	-	(56,453)	(21,350)	-	-	(21,350)
Membership dues	36,906	-	-	36,906	48,185	-	-	48,185
Contributed services and facilities	277,763	-	-	277,763	223,694	-	-	223,694
Contributions, gifts and grants	205,569	315,097	-	520,666	207,094	78,318	-	285,412
Admission and subscriptions	5,184	-	-	5,184	5,850	-	-	5,850
Other sources	5,963	-	-	5,963	-	-	-	-
Investment income	5,766	811,427	-	817,193	-	1,227,999	-	1,227,999
Net assets released from restrictions	791,510	(791,510)	-	-	425,099	(425,099)	-	-
Total revenue	1,634,698	335,014	-	1,969,712	1,064,472	881,218	-	1,945,690
EXPENSES:								
Program services								
Educational	198,998	-	-	198,998	148,078	-	-	148,078
Membership	129,636	-	-	129,636	175,479	-	-	175,479
Exhibitions	543,248	-	-	543,248	373,457	-	-	373,457
Communications	68,012	-	-	68,012	49,846	-	-	49,846
Total program services	939,894	-	-	939,894	746,860	-	-	746,860
Supporting services								
Management and general	459,404	-	-	459,404	410,489	-	-	410,489
Fundraising	138,740	-	-	138,740	74,451	-	-	74,451
Total supporting services	598,144	-	-	598,144	484,940	-	-	484,940
Total expenses	1,538,038	-	-	1,538,038	1,231,800	-	-	1,231,800
CHANGE IN NET ASSETS BEFORE ENDOWMENT TRANSFER	96,660	335,014	-	431,674	(167,328)	881,218	-	713,890
Endowment transfer to Purchase College Foundation	-	(112,733)	(128,000)	(240,733)	-	-	-	-
CHANGE IN NET ASSETS	96,660	222,281	(128,000)	190,941	(167,328)	881,218	-	713,890
NET ASSETS - beginning of year	405,967	5,563,252	3,974,008	9,943,227	573,295	4,682,034	3,974,008	9,229,337
NET ASSETS - end of year	\$ 502,627	\$ 5,785,533	\$ 3,846,008	\$ 10,134,168	\$ 405,967	\$ 5,563,252	\$ 3,974,008	\$ 9,943,227

The accompanying notes are an integral part of these statements.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 190,941	\$ 713,890
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	5,626	4,202
Net gain on investments	(664,870)	(1,169,751)
Changes in:		
Due to/from Purchase College Foundation	169,575	(124,379)
Contributions receivable	3,316	7,632
Prepaid expenses and other assets	4,849	9,585
Due to Purchase College	18,599	86,506
Accrued expenses and other liabilities	<u>(24,574)</u>	<u>1,600</u>
Net cash flow from operating activities	<u>(296,538)</u>	<u>(470,715)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	8,453,587	2,528,947
Purchase of investments	<u>(7,450,445)</u>	<u>(2,201,147)</u>
Net cash flow from investing activities	<u>1,003,142</u>	<u>327,800</u>
CHANGE IN CASH	706,604	(142,915)
CASH - beginning of year	<u>392,225</u>	<u>535,140</u>
CASH - end of year	<u>\$ 1,098,829</u>	<u>\$ 392,225</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

1. THE ORGANIZATION

The Friends of the Neuberger Museum of Art, Inc. (the Friends) is a not-for-profit organization whose members promote and support, through fostering of interest, the Neuberger Museum of Art, Purchase College, State University of New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Reporting

The Friends reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include operating net assets, which are not subject to donor-imposed stipulations, and are generally available for support of the Friends' operations.

Temporarily restricted net assets include resources resulting from contributions of assets whose use by the Friends is limited by donor-imposed restrictions that either expire by passage of time or will be fulfilled by future actions of the Friends.

Permanently restricted net assets include resources that have donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Friends to use up or expend all of the income derived from the donated assets for operating purposes.

Cash

The Friends has cash that consist of bank deposits and checking accounts. The Friends considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The balances in these bank accounts may, at times, exceed federally insured limits.

Contributions and Pledges Receivable

Support is recognized when a donor makes an unconditional promise to give to the Friends. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. Pledges receivable are collectible over future periods and have been recorded at their net present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At June 30, 2018 and 2017, management concluded that an allowance was not required.

Investments

Investments in publicly traded debt securities, equity securities, money market funds and US agency obligations are stated at fair value. Money market accounts are stated at cost. Purchases and sales of equity securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are reported directly in the accompanying statement of activities and are included in the determination of the change in net assets.

Fair Value of Financial Instruments

U.S. GAAP established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Friends. Unobservable inputs are inputs that reflect the Friend's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Friends have the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Friends' equity securities and money market funds are primarily valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Friends' corporate bonds and United States agency obligations are valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Friends has no investments valued using level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Friends in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value. Purchased and donated property and equipment with values of less than \$300 are expensed in the period acquired. Maintenance costs are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Computer equipment	5 years
Furniture and fixtures	7 years

Collections

The Friends' collection of art is comprised of over 1,500 works of varying types, including painting, sculptures and photographs. The collection is predominantly comprised of American art from the early 1900s to the present day. It also contains significant bodies of constructivist and European modernist works and African art. The collections, maintained for public exhibitions and education rather than for financial gain, are protected, unencumbered and preserved, and are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

In conformity with U.S. GAAP followed by art museums, the value of the Friends' collections has been excluded from the statement of financial position and gifts of art objects are excluded from revenue in the statement of activities. Purchases of art objects by the Friends are recorded as decreases in net assets in the statement of activities. Proceeds from the sale of art are recorded as increases in temporarily restricted net assets.

Income Taxes

The Friends is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation. Therefore, no provision for income taxes has been made in these financial statements.

Net Assets

Unrestricted net assets are those funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use by the Friends has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are donor restricted gifts that must be maintained permanently by the Friends to provide present and future income for operations or other use as specified by the donor.

Advertising Costs

The Friends expenses advertising costs as incurred which approximated \$73,600 and \$49,800 for the years ended June 30, 2018 and 2017, respectively.

Exhibition Costs

All costs directly related to the development and installation of ongoing and future exhibitions are presented as other assets in the accompanying statement of financial position when the Friends believes that there is a future economic benefit associated with these costs. The costs are expensed over their useful lives, which, for exhibitions, are generally the period over which the exhibition is held, except that when there is insufficient evidence that the costs are not recoverable, they are expensed immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Expenses

The Friends allocates its expenses on a functional basis among its programs and supporting services. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the program and supporting services benefited.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard will have significant changes on the way not-for-profit organizations present their financial information, including net asset classifications, expense reporting, and disclosures about liquidity and availability of financial assets. The standard is not expected to have an impact on total net assets or changes in net assets. This standard will be effective for annual financial statements issued for years beginning after December 15, 2017.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes investments as of June 30:

	<u>2018</u>	<u>2017</u>
Money market accounts	\$ -	\$ 483,416
Money market funds	268,214	643,503
United States agency obligations	100,695	-
Equity securities	7,300,436	7,169,272
Corporate bonds	<u>1,538,297</u>	<u>1,249,723</u>
	<u>\$9,207,642</u>	<u>\$9,545,914</u>

Investment income consisted of the following for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 168,011	\$ 131,984
Unrealized and realized gain on investments	664,870	1,169,751
Investment fees	<u>(15,688)</u>	<u>(73,736)</u>
	<u>\$ 817,193</u>	<u>\$ 1,227,999</u>

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at June 30:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
<u>June 30, 2018</u>				
Money market funds	\$ 268,214	\$ -	\$ -	\$ 268,214
United States agency obligations	-	100,695	-	100,695
Equity securities	7,300,436	-	-	7,300,436
Corporate bonds	<u>-</u>	<u>1,538,297</u>	<u>-</u>	<u>1,538,297</u>
 Total investments	 <u>\$ 7,568,650</u>	 <u>\$ 1,638,992</u>	 <u>\$ -</u>	 <u>\$ 9,207,642</u>
 <u>June 30, 2017</u>				
Money market funds	\$ 643,503	\$ -	\$ -	\$ 643,503
Equity securities	7,169,272	-	-	7,169,272
Corporate bonds	<u>-</u>	<u>1,249,723</u>	<u>-</u>	<u>1,249,723</u>
	<u>7,812,775</u>	<u>1,249,723</u>	<u>-</u>	<u>9,062,498</u>
Money market accounts				<u>483,416</u>
Total investments	<u>\$ 7,812,775</u>	<u>\$ 1,249,723</u>	<u>\$ -</u>	<u>\$ 9,545,914</u>

The Friends recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels during 2018 or 2017. Fair value of the United States agency obligations and corporate bonds are derived using the market approach and relevant market-driven data, which includes using market price quotes corroborated by recently executed transactions observable in the market. In addition, the valuation of bonds is calculated at the present value of the bond's future interest payments and the bond's value upon maturity. There were no changes in valuation techniques during 2018 or 2017.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 103,948	\$ 103,948
Less: Accumulated depreciation	<u>(98,961)</u>	<u>(93,335)</u>
	<u>\$ 4,987</u>	<u>\$ 10,613</u>

5. IN-KIND CONTRIBUTIONS

The Friends occupies, without charge, certain facilities and has certain accounting and administrative functions performed by employees of entities affiliated with the State University of New York ("SUNY"). The estimated fair value of the services and facilities provided for the years ended June 30, 2018 and 2017 was \$277,763 and \$223,694, respectively. Related expenses are included in management and general expenses on the statement of activities.

6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Educational and public programs	\$ 1,045,194	\$ 1,070,139
Exhibitions/Acquisitions	3,211,419	3,133,013
General operations	<u>1,528,920</u>	<u>1,360,100</u>
	<u>\$ 5,785,533</u>	<u>\$ 5,563,252</u>

Net assets released from restriction were as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Educational	\$ 152,436	\$ 92,511
General operations	118,496	163,830
Exhibitions/Acquisitions	<u>520,578</u>	<u>168,758</u>
	<u>\$ 791,510</u>	<u>\$ 425,099</u>

Permanently restricted net assets at June 30, 2018 and 2017 are restricted to investment in perpetuity, the income from which is expendable for the following purposes:

	<u>2018</u>	<u>2017</u>
Educational and public programs	\$ 1,369,185	\$ 1,100,000
Writing through the arts	-	128,000
Exhibitions/Acquisitions	610,350	610,350
General operations	<u>1,866,473</u>	<u>2,135,658</u>
	<u>\$ 3,846,008</u>	<u>\$ 3,974,008</u>

During the year ended June 30, 2018, endowment funds totaling \$240,733 (Writing Through the Arts) were transferred to Purchase College Foundation. This transfer was approved by the original donor as well as the Board of Directors in order to spend these funds according to the donor's original intent in future years.

7. ROY R. NEUBERGER BEQUEST

In 2010, per the Last Will and Testament of Mr. Roy R. Neuberger and the Roy R. Neuberger 2008 Revocable Trust agreement, the Friends received contributions of \$2,000,000 and Mr. Neuberger's collection of art, which is composed of American art of significance including works by Milton Avery, Marsden Hartley, Arthur Dove and Alexander Calder.

Per stipulations of the trust, the \$2,000,000 must be kept in a separate account and it and all income generated is to be used by the Friends solely for financing acquisitions of works of art and publications, exhibitions and public programs held at the Neuberger Museum. If the Friends changes its purpose or dissolves, all works of art bequeathed to the Friends or acquired using bequeathed monies along with any remaining bequeathed monies shall be turned over to SUNY for the above specified use.

8. RELATED PARTY TRANSACTIONS

Services Provided

Certain members of the board of directors are employed by companies that provide services for the Friends. Services provided for the years ended June 30, 2018 and 2017 are investment management fees of \$9,455 and \$73,736, respectively.

9. ENDOWMENT FUNDS

The Friends maintains various donor-restricted funds whose purpose is to provide long term support for its programs. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Trustees looks to the explicit directions of the donor where applicable and the provisions of the Uniform Prudent Management of Institutional Funds Act which in New York is called the New York Prudent Management of Institutional Funds Act (NYPMIFA).

The Friends' current spending policy is to distribute 5% annually of the trailing five-year average (by quarter commencing fiscal year June 30, 2012) of the Endowment's total fiscal year-end asset value. It is further understood that spending is strictly limited to market appreciation on the original funds contributed to the endowment. In the event that an endowment account's market value is below the value of the original amount contributed to the endowment, spending will cease on that account until such time when the account has recovered its original value through market appreciation.

The objective of the Endowment fund is to seek an average real return of 5%, or CPI plus 5%. It is expected that professional management and sufficient portfolio diversification will smooth volatility and help assure a consistency of return. The portfolio is managed on a total return basis. Total return is taken into consideration when evaluating funds versus benchmark universities and evaluating managers to peer universities.

These results are measured over a one, three, and five year time period. The general asset allocation policy is to diversify investments among both equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

9. ENDOWMENT FUNDS (Continued)

Interpretation of Relevant Law

The Board of Trustees of the Friends has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Friends classified as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Friends in a manner consistent with the standard of prudence prescribed by NYPMIFA. The following is a reconciliation of the investment activity in the donor permanently restricted endowment funds:

	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2016	\$2,054,535	\$3,974,008	\$6,028,543
Appropriations for expenditures	(259,830)	-	(259,830)
Capital appreciation	369,077	-	369,077
Investment income	<u>505,497</u>	<u>-</u>	<u>505,497</u>
Balance, June 30, 2017	\$2,669,279	\$3,974,008	\$6,643,287
Endowment transfer to PCF	(112,733)	(128,000)	(240,733)
Appropriations for expenditures	(285,940)	-	(285,940)
Capital depreciation	(1,329,708)	-	(1,329,708)
Investment income	<u>1,820,095</u>	<u>-</u>	<u>1,820,095</u>
Balance, June 30, 2018	<u>\$2,760,993</u>	<u>\$3,846,008</u>	<u>\$6,607,001</u>

10. SPECIAL EVENTS

Details of fund raising events are as follows for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Special event revenue	\$ 362,490	\$ 175,900
Costs of direct benefits to donors	<u>(56,453)</u>	<u>(21,350)</u>
	<u>\$ 306,037</u>	<u>\$ 154,550</u>

11. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Friends to a concentration of credit risk consist principally of cash deposits which from time to time are in excess of insured limits, and receivables. Receivables are expected to be collected in the normal course of business.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 11, 2018, which is the date the financial statements were available to be issued.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

Schedule I

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total
	Educational	Membership	Exhibitions	Communications		Management and General	Fundraising		
Administration fees and dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,920	\$ -	\$ 148,920	\$ 148,920
Auctions and other events	-	-	-	-	-	-	48,870	48,870	48,870
Catalogue	-	-	48,772	-	48,772	-	-	-	48,772
Conservation	-	-	34,746	-	34,746	-	-	-	34,746
Depreciation	-	-	-	-	-	5,626	-	5,626	5,626
Equipment and maintenance	-	-	-	-	-	2,516	-	2,516	2,516
Grant	-	-	35,000	-	35,000	-	-	-	35,000
Honariums, internships, and scholarships	-	-	1,691	-	1,691	-	-	-	1,691
Installation materials	-	-	81,908	-	81,908	-	-	-	81,908
Insurance	-	-	16,811	-	16,811	10,648	-	10,648	27,459
Lecture, symposium, and conferences	10,904	-	-	-	10,904	-	-	-	10,904
Loan fees, art exhibitions	-	-	35,750	-	35,750	-	-	-	35,750
Marketing	-	-	-	61,364	61,364	-	-	-	61,364
Member benefits	-	1,000	-	-	1,000	-	-	-	1,000
Museum touring	20,452	-	-	-	20,452	-	-	-	20,452
Newsletter and journals	-	-	-	3,754	3,754	-	-	-	3,754
Occupancy	-	-	-	-	-	2,534	-	2,534	2,534
Performances, lectures, and family events	4,010	34,804	-	-	38,814	-	89,870	89,870	128,684
Office supplies and postage	1	-	-	-	1	1,264	-	1,264	1,265
Professional and membership development	-	8,633	-	-	8,633	-	-	-	8,633
Professional fees	-	-	42,348	-	42,348	9,344	-	9,344	51,692
Salaries and benefits	153,060	85,199	163,808	-	402,067	275,228	-	275,228	677,295
Security	-	-	-	-	-	3,324	-	3,324	3,324
Shipping and carting	-	-	62,795	-	62,795	-	-	-	62,795
Signage	-	-	4,891	2,894	7,785	-	-	-	7,785
Student events	4,769	-	-	-	4,769	-	-	-	4,769
Miscellaneous	5,802	-	14,728	-	20,530	-	-	-	20,530
	<u>\$ 198,998</u>	<u>\$ 129,636</u>	<u>\$ 543,248</u>	<u>\$ 68,012</u>	<u>\$ 939,894</u>	<u>\$ 459,404</u>	<u>\$ 138,740</u>	<u>\$ 598,144</u>	<u>\$ 1,538,038</u>

The accompanying notes are an integral part of these schedules.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

Schedule II

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services					Supporting Services			Total
	Educational	Membership	Exhibitions	Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Administration fees and dues	\$ 1,534	\$ -	\$ -	\$ -	\$ 1,534	\$ 9,832	\$ -	\$ 9,832	\$ 11,366
Auctions and other events	-	-	-	-	-	-	5,492	5,492	5,492
Catalogue	-	-	47,706	-	47,706	-	-	-	47,706
Conservation	-	-	2,232	-	2,232	-	-	-	2,232
Depreciation	-	-	-	-	-	4,202	-	4,202	4,202
Electronic library	31	-	-	-	31	-	-	-	31
Equipment and maintenance	-	-	-	-	-	1,230	-	1,230	1,230
Grant	-	-	2,800	-	2,800	-	-	-	2,800
Honariums, internships, and scholarships	-	-	28,750	-	28,750	-	-	-	28,750
Installation materials	-	-	38,861	-	38,861	-	-	-	38,861
Insurance	-	-	2,440	-	2,440	9,202	-	9,202	11,642
Lecture, symposium, and conferences	5,938	-	-	-	5,938	-	-	-	5,938
Loan fees, art exhibitions	-	-	7,450	-	7,450	-	-	-	7,450
Marketing	-	-	-	37,365	37,365	-	-	-	37,365
Member benefits	-	2,943	-	-	2,943	-	-	-	2,943
Museum touring	11,244	-	-	-	11,244	-	-	-	11,244
Newsletter and journals	-	-	-	9,413	9,413	-	-	-	9,413
Occupancy	-	-	-	-	-	2,534	-	2,534	2,534
Performances, lectures, and family events	7,252	35,839	-	-	43,091	-	68,959	68,959	112,050
Office supplies and postage	300	-	-	-	300	1,101	-	1,101	1,401
Professional and membership development	-	19,453	-	-	19,453	5,323	-	5,323	24,776
Professional fees	-	-	-	-	-	22,130	-	22,130	22,130
Salaries and benefits	119,859	116,949	78,984	-	315,792	221,159	-	221,159	536,951
Security	-	-	-	-	-	133,776	-	133,776	133,776
Shipping and carting	-	-	97,366	-	97,366	-	-	-	97,366
Signage	-	-	27,918	3,068	30,986	-	-	-	30,986
Student events	831	-	-	-	831	-	-	-	831
Miscellaneous	1,089	295	38,950	-	40,334	-	-	-	40,334
	<u>\$ 148,078</u>	<u>\$ 175,479</u>	<u>\$ 373,457</u>	<u>\$ 49,846</u>	<u>\$ 746,860</u>	<u>\$ 410,489</u>	<u>\$ 74,451</u>	<u>\$ 484,940</u>	<u>\$ 1,231,800</u>

The accompanying notes are an integral part of these schedules.