

**FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.**

**Financial Statements as of  
June 30, 2020 and 2019  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

September 10, 2020

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, 2020 and 2019, and the related statements of activities, functional expenses 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.

(Continued)

## **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, 2020 and 2019, 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.

### **Change in Accounting Principles**

As described in Note 2 to the financial statements, Friends of the Neuberger Museum of Art, Inc. implemented Accounting Standards Updates 2014-19 (ASC 606), *Revenue from Contracts with Customers*, and 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

### **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, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 1,307,357	\$ 1,332,495
Due from Purchase College Foundation	86,429	90,513
Contributions receivable	2,865	2,500
Prepaid expenses and other assets	32,802	5,770
Investments	8,724,654	9,138,650
Collections (See Note 2)	<u>-</u>	<u>-</u>
	<u>\$ 10,154,107</u>	<u>\$ 10,569,928</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Due to Purchase College	\$ 130,018	\$ 111,037
Due to Purchase College Foundation	24,566	32,788
Accrued expenses and other liabilities	-	11,832
Deferred revenue	<u>27,972</u>	<u>16,309</u>
Total liabilities	<u>182,556</u>	<u>171,966</u>
NET ASSETS:		
Without donor restrictions	479,257	536,481
With donor restrictions	<u>9,492,294</u>	<u>9,861,481</u>
Total net assets	<u>9,971,551</u>	<u>10,397,962</u>
	<u>\$ 10,154,107</u>	<u>\$ 10,569,928</u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF NEUBERGER MUSEUM OF ART, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Contributions, gifts and grants	\$ 326,878	\$ 203,200	\$ 530,078	\$ 149,732	\$ 332,954	\$ 482,686
Contributed services and facilities	132,675	-	132,675	154,055	-	154,055
Membership dues	83,290	-	83,290	130,839	-	130,839
Investment income	1,455	6,344	7,799	2,113	449,520	451,633
Admission and subscriptions	6,499	-	6,499	(121)	-	(121)
Other sources	2,476	-	2,476	17,526	-	17,526
Special events	-	-	-	240,449	-	240,449
Cost of direct benefits to donors	-	-	-	(40,831)	-	(40,831)
Net assets released from restrictions	578,731	(578,731)	-	552,534	(552,534)	-
<b>Total revenue</b>	<b>1,132,004</b>	<b>(369,187)</b>	<b>762,817</b>	<b>1,206,296</b>	<b>229,940</b>	<b>1,436,236</b>
<b>EXPENSES:</b>						
Program services						
Educational	93,631	-	93,631	105,420	-	105,420
Membership	301,422	-	301,422	212,653	-	212,653
Exhibitions	416,320	-	416,320	414,471	-	414,471
Communications	42,864	-	42,864	43,834	-	43,834
<b>Total program services</b>	<b>854,237</b>	<b>-</b>	<b>854,237</b>	<b>776,378</b>	<b>-</b>	<b>776,378</b>
Supporting services						
Management and general	301,244	-	301,244	321,673	-	321,673
Fundraising	33,747	-	33,747	74,391	-	74,391
<b>Total supporting services</b>	<b>334,991</b>	<b>-</b>	<b>334,991</b>	<b>396,064</b>	<b>-</b>	<b>396,064</b>
<b>Total expenses</b>	<b>1,189,228</b>	<b>-</b>	<b>1,189,228</b>	<b>1,172,442</b>	<b>-</b>	<b>1,172,442</b>
<b>CHANGE IN NET ASSETS</b>	<b>(57,224)</b>	<b>(369,187)</b>	<b>(426,411)</b>	<b>33,854</b>	<b>229,940</b>	<b>263,794</b>
<b>NET ASSETS - beginning of year</b>	<b>536,481</b>	<b>9,861,481</b>	<b>10,397,962</b>	<b>502,627</b>	<b>9,631,541</b>	<b>10,134,168</b>
<b>NET ASSETS - end of year</b>	<b>\$ 479,257</b>	<b>\$ 9,492,294</b>	<b>\$ 9,971,551</b>	<b>\$ 536,481</b>	<b>\$ 9,861,481</b>	<b>\$ 10,397,962</b>

The accompanying notes are an integral part of these statements.

**FRIENDS OF NEUBERGER MUSEUM OF ART, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Depreciation</u>	<u>2020 Total</u>
Expenses:					
Salaries and wages	\$ 502,773	\$ 130,141	\$ -	\$ -	\$ 632,914
Supplies and materials	32,204	2,047	-	-	34,251
Printing and postage	11,038	(3,401)	-	-	7,637
Travel and lodging	10,763	-	-	-	10,763
Rentals and equipment	-	5,314	-	-	5,314
Insurance	1,276	15,600	-	-	16,876
Professional fees	238,042	138,313	-	-	376,355
Depreciation expense	-	-	-	-	-
Other expenses	58,141	13,230	33,747	-	105,118
Expenses before depreciation allocation	<u>854,237</u>	<u>301,244</u>	<u>33,747</u>	<u>-</u>	<u>1,189,228</u>
Depreciation Allocation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 854,237</u>	<u>\$ 301,244</u>	<u>\$ 33,747</u>	<u>\$ -</u>	<u>\$ 1,189,228</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Depreciation</u>	<u>2019 Total</u>
Expenses:					
Salaries and wages	\$ 364,288	\$ 151,521	\$ -	\$ -	\$ 515,809
Supplies and materials	39,049	2,952	-	-	42,001
Printing and postage	14,451	450	-	-	14,901
Travel and lodging	12,678	-	-	-	12,678
Rentals and equipment	-	5,190	-	-	5,190
Insurance	16,499	13,535	-	-	30,034
Professional fees	227,694	138,357	-	-	366,051
Depreciation expense	-	-	-	4,987	4,987
Other expenses	101,719	4,681	74,391	-	180,791
Expenses before depreciation allocation	<u>776,378</u>	<u>316,686</u>	<u>74,391</u>	<u>4,987</u>	<u>1,172,442</u>
Depreciation Allocation	<u>-</u>	<u>4,987</u>	<u>-</u>	<u>(4,987)</u>	<u>-</u>
Total Expenses	<u>\$ 776,378</u>	<u>\$ 321,673</u>	<u>\$ 74,391</u>	<u>\$ -</u>	<u>\$ 1,172,442</u>

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, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (426,411)	\$ 263,794
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	-	4,987
Net loss (gain) on investments	241,708	(304,167)
Changes in:		
Due to/from Purchase College Foundation	(4,138)	(102,921)
Contributions receivable	(365)	(354)
Prepaid expenses and other assets	(27,032)	12,168
Due to Purchase College	18,981	5,932
Accrued expenses and other liabilities	(11,832)	(18,932)
Deferred revenue	<u>11,663</u>	<u>-</u>
Net cash flow from operating activities	<u>(197,426)</u>	<u>(139,493)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	805,033	1,927,111
Purchase of investments	<u>(632,745)</u>	<u>(1,553,952)</u>
Net cash flow from investing activities	<u>172,288</u>	<u>373,159</u>
CHANGE IN CASH	(25,138)	233,666
CASH - beginning of year	<u>1,332,495</u>	<u>1,098,829</u>
CASH - end of year	<u>\$ 1,307,357</u>	<u>\$ 1,332,495</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, 2020 AND 2019

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### 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.

#### **Change in Accounting Principles**

##### ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization adopted ASC 606 as of July 1, 2019 using a modified retrospective approach. There was no effect on total net assets or changes in net assets due to the adoption of ASC 606.

##### ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the financial position or results of operations for the year ended June 30, 2019. There was no effect from the change in accounting principle on the financial position or results of operations for the year ended June 30, 2020.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Financial Reporting**

The Friends reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include operating net assets, which are not subject to donor-imposed stipulations, and are generally available for support of the Friends' operations.

Net assets with donor restrictions 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. They also include resources that must 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 net assets without donor restrictions 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.

### **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, 2020 and 2019, 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. 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:

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair Value of Financial Instruments (Continued)

- 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.

### Collections

The Friends' collection of art is comprised of over 1,400 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 net assets with donor restrictions.

### 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Advertising Costs

The Friends expenses advertising costs as incurred which approximated \$61,500 and \$48,900 for the years ended June 30, 2020 and 2019, 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.

### Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the combining statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. The expenses with the most significant allocations include certain salaries, fringe benefits, and contributed services. All attempts are made to direct charge expenses before allocations are made. Indirect salary allocations and contributed services are recorded based on estimates of time spent by employees working on program or administrative tasks. Fringe benefit costs are allocated based on total salaries.

## 3. LIQUIDITY

The Friends is substantially supported by contributions received from donors and investment earnings. The following reflects the Friends' financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,307,357	\$ 1,332,495
Due from Purchase College Foundation	86,429	90,513
Contributions receivable	2,865	2,500
Investments	<u>8,724,654</u>	<u>9,138,650</u>
Total financial assets	<u>10,121,305</u>	<u>10,564,158</u>
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(9,492,294)</u>	<u>(9,861,481)</u>
Total financial assets available to meet cash needs for general expenditures in one year	<u>\$ 629,011</u>	<u>\$ 702,677</u>

As part of the Friends liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The Friends' ability to meet its cash needs is, in part, dependent on contributions as well as its investment returns. There is a mid-year review of the contributions received and, if the funds received are lower than budgeted, expenses are reduced to align with the revised revenue projections. Should there be a shortage in liquidity, the Friends maintains unrestricted reserves equivalent to six months of expenditures and it could manage vendor relationships to extend payment terms where possible.

### 3. LIQUIDITY (Continued)

Friends has engaged in fundraising efforts over the years to supplement operating cash flow and build up investment reserves. Should any of the affiliated entities be struggling from a cash flow perspective, they could also request support from Purchase College or another entity to meet the cash needs.

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table summarizes investments as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 93,753	\$ 252,158
United States agency obligations	45,491	176,640
Common stock	1,037,430	877,652
Mutual funds	5,841,071	6,723,051
Corporate bonds	<u>1,706,909</u>	<u>1,109,149</u>
	<u>\$ 8,724,654</u>	<u>\$ 9,138,650</u>

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

<u>Description</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
<u>June 30, 2020</u>				
Money market funds	\$ 93,753	\$ -	\$ -	\$ 93,753
United States agency obligations	-	45,491	-	45,491
Common stock	1,037,430	-	-	1,037,430
Mutual funds	5,841,071	-	-	5,841,071
Corporate bonds	<u>-</u>	<u>1,706,909</u>	<u>-</u>	<u>1,706,909</u>
Total investments	<u>\$ 6,972,254</u>	<u>\$ 1,752,400</u>	<u>\$ -</u>	<u>\$ 8,724,654</u>
<u>June 30, 2019</u>				
Money market funds	\$ 252,158	\$ -	\$ -	\$ 252,158
United States agency obligations	-	176,640	-	176,640
Common stock	877,652	-	-	877,652
Mutual funds	6,723,051	-	-	6,723,051
Corporate bonds	<u>-</u>	<u>1,109,149</u>	<u>-</u>	<u>1,109,149</u>
Total investments	<u>\$ 7,852,861</u>	<u>\$ 1,285,789</u>	<u>\$ -</u>	<u>\$ 9,138,650</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 2020 or 2019. 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 2020 or 2019.

## 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, 2020 and 2019 was \$132,675 and \$154,055, respectively. Related expenses are included in management and general expenses on the statement of activities.

## 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Educational and public programs	\$ 2,314,372	\$ 2,474,345
Exhibitions/Acquisitions	3,806,934	3,965,761
General operations	<u>3,370,988</u>	<u>3,421,375</u>
	<u>\$ 9,492,294</u>	<u>\$ 9,861,481</u>

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

	<u>2020</u>	<u>2019</u>
Educational	\$ 156,068	\$ 143,378
General operations	110,809	104,058
Exhibitions/Acquisitions	<u>311,854</u>	<u>305,098</u>
	<u>\$ 578,731</u>	<u>\$ 552,534</u>

## 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, 2020 and 2019 are investment management fees of \$10,904 and \$8,461, 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 net assets without donor restrictions or net assets with donor restrictions, 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 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.

### 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 restricted net assets the original value of the gifts donated to the endowment and the original value of subsequent gifts to the endowment to be held in perpetuity. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions 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 restricted endowment funds:

Balance, June 30, 2018	\$6,605,717
Appropriations for expenditures	(298,311)
Investment income, net	<u>309,475</u>
Balance, June 30, 2019	\$6,616,881
Appropriations for expenditures	(486,425)
Investment income, net	<u>238,400</u>
Balance, June 30, 2020	<u><u>\$6,368,856</u></u>

## 10. SPECIAL EVENTS

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

	<u>2020</u>	<u>2019</u>
Special event revenue	\$ -	\$ 240,449
Costs of direct benefits to donors	<u>-</u>	<u>(40,831)</u>
	<u>\$ -</u>	<u>\$ 199,618</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

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on Friends and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through September 10, 2020, 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, 2020

	Program Services				Total Program Services	Supporting Services			Total
	Educational	Membership	Exhibitions	Communications		Management and General	Fundraising	Total Supporting Services	
Administration fees and dues	\$ 203	\$ -	\$ -	\$ -	\$ 203	\$ 125,472	\$ -	\$ 125,472	\$ 125,675
Auctions and other events	-	-	-	-	-	-	10,150	10,150	10,150
Catalogue	-	-	39,589	-	39,589	-	-	-	39,589
Equipment and maintenance	-	-	-	-	-	2,780	-	2,780	2,780
Honariums, internships, and scholarships	-	-	59,163	-	59,163	-	-	-	59,163
Installation materials	-	-	34,685	-	34,685	-	-	-	34,685
Insurance	-	-	1,276	-	1,276	15,600	-	15,600	16,876
Lecture, symposium, and conferences	32,541	-	-	-	32,541	-	-	-	32,541
Loan fees, art exhibitions	-	-	15,000	-	15,000	-	-	-	15,000
Marketing	-	-	-	37,762	37,762	10,946	-	10,946	48,708
Museum touring	13,522	-	-	-	13,522	-	-	-	13,522
Newsletter and journals	-	-	-	3,233	3,233	-	-	-	3,233
Occupancy	-	-	-	-	-	2,534	-	2,534	2,534
Performances, lectures, and family events	4,087	26,770	-	-	30,857	-	22,267	22,267	53,124
Office supplies and postage	682	-	-	-	682	(1,354)	-	(1,354)	(672)
Professional and membership development	-	1,905	-	-	1,905	-	1,330	1,330	3,235
Professional fees	-	-	30,169	-	30,169	6,019	-	6,019	36,188
Salaries and benefits	29,927	272,747	170,843	-	473,517	130,141	-	130,141	603,658
Security	-	-	-	-	-	9,106	-	9,106	9,106
Shipping and carting	-	-	56,370	-	56,370	-	-	-	56,370
Signage	-	-	4,398	1,869	6,267	-	-	-	6,267
Student events	2,265	-	-	-	2,265	-	-	-	2,265
Miscellaneous	10,404	-	4,827	-	15,231	-	-	-	15,231
	<u>\$ 93,631</u>	<u>\$ 301,422</u>	<u>\$ 416,320</u>	<u>\$ 42,864</u>	<u>\$ 854,237</u>	<u>\$ 301,244</u>	<u>\$ 33,747</u>	<u>\$ 334,991</u>	<u>\$ 1,189,228</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, 2019**

	Program Services					Supporting Services			Total
	Educational	Membership	Exhibitions	Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Administration fees and dues	\$ 70	\$ -	\$ -	\$ -	\$ 70	\$ 141,426	\$ -	\$ 141,426	\$ 141,496
Auctions and other events	-	-	-	-	-	-	36	36	36
Catalogue	-	-	10,590	-	10,590	-	-	-	10,590
Depreciation	-	-	-	-	-	4,987	-	4,987	4,987
Equipment and maintenance	-	-	-	-	-	2,656	-	2,656	2,656
Grant	-	-	1,200	-	1,200	-	-	-	1,200
Honariums, internships, and scholarships	-	-	20,776	-	20,776	-	-	-	20,776
Installation materials	-	-	63,420	-	63,420	-	-	-	63,420
Insurance	-	-	16,499	-	16,499	13,535	-	13,535	30,034
Lecture, symposium, and conferences	28,692	-	-	-	28,692	-	-	-	28,692
Loan fees, art exhibitions	-	-	48,120	-	48,120	-	-	-	48,120
Marketing	-	-	-	39,472	39,472	-	-	-	39,472
Member benefits	-	-	-	-	-	-	637	637	637
Museum touring	14,003	-	-	-	14,003	-	-	-	14,003
Newsletter and journals	-	-	-	1,594	1,594	-	-	-	1,594
Occupancy	-	-	-	-	-	2,534	-	2,534	2,534
Performances, lectures, and family events	4,807	27,738	-	-	32,545	-	67,376	67,376	99,921
Office supplies and postage	677	-	-	-	677	3,402	-	3,402	4,079
Professional and membership development	-	6,031	-	-	6,031	-	6,227	6,227	12,258
Professional fees	-	-	27,345	-	27,345	775	-	775	28,120
Salaries and benefits	47,440	178,884	125,935	-	352,259	151,521	-	151,521	503,780
Security	-	-	-	-	-	837	-	837	837
Shipping and carting	-	-	77,859	-	77,859	-	-	-	77,859
Signage	-	-	8,569	2,768	11,337	-	-	-	11,337
Student events	3,963	-	-	-	3,963	-	-	-	3,963
Miscellaneous	5,768	-	14,158	-	19,926	-	115	115	20,041
	<u>\$ 105,420</u>	<u>\$ 212,653</u>	<u>\$ 414,471</u>	<u>\$ 43,834</u>	<u>\$ 776,378</u>	<u>\$ 321,673</u>	<u>\$ 74,391</u>	<u>\$ 396,064</u>	<u>\$ 1,172,442</u>

The accompanying notes are an integral part of these schedules.