THE PURCHASE COLLEGE FOUNDATION

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

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 10, 2020

To the Board of Trustees of
The Purchase College Foundation and Subsidiary:

Report on the Financial Statements
We have audited the accompanying financial statements of The Purchase College Foundation (the Foundation) (New York State not-for-profit corporations), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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.

Auditor's 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 the audit 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 The Purchase College Foundation 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, The Purchase College Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU 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 these matters.

Bonadio & Co., LLP

THE PURCHASE COLLEGE FOUNDATION AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 3,493,242	$ 5,602,184
Accounts and grants receivable, net	30,216	431,187
Accrued interest receivable	105,706	60,857
Pledges receivable, net	386,780	925,598
Investments	76,397,575	79,194,204
Investments held for gift annuities	12,932	16,209
Prepaid expenses	29,021	31,812
Equipment, net	-	38,860
	$ 80,455,472	$ 86,300,911
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 530,246	$ 608,184
Deferred revenue	129,659	934,367
Due to Friends of the Neuberger Museum of Art	64,834	60,220
Due to Purchase College	325,758	494,894
Investments held for others (PCA)	1,900,063	1,983,014
Gift annuity payable	8,536	8,301
Total liabilities	2,959,096	4,088,980
NET ASSETS:		
Without donor restrictions	6,455,846	7,338,576
With donor restrictions	71,040,530	74,873,355
Total net assets	77,496,376	82,211,931
	$ 80,455,472	$ 86,300,911

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION AND SUBSIDIARY

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
REVENUE AND SUPPORT:						
Contributions, gifts and grants	$ 25,875	$ 1,359,336	$ 1,385,211	$ 483,788	$ 3,376,874	$ 3,860,662
Contributed services and barter	1,069,592	-	1,069,592	1,150,713	-	1,150,713
Investment (loss) income, net	(205,367)	(341,236)	(546,603)	274,610	3,587,969	3,862,579
Ticket sales	430,089	-	430,089	705,112	-	705,112
Fee and service charges	1,006,161	-	1,006,161	1,268,098	-	1,268,098
Other sources	161,560	(651)	160,909	273,875	1,878	275,753
Transfer of net assets	(29,606)	29,606	-	(412,528)	412,528	-
Net assets released from restrictions	4,879,880	(4,879,880)	-	5,920,286	(5,920,286)	-
Total revenue and support	7,338,184	(3,832,825)	3,505,359	9,663,954	1,458,963	11,122,917
EXPENSES:						
Program expenses	3,989,688	-	3,989,688	4,773,372	-	4,773,372
Scholarships and fellowships	2,006,769	-	2,006,769	2,211,403	-	2,211,403
Management and general	690,882	-	690,882	975,125	-	975,125
Fundraising	1,518,441	-	1,518,441	1,574,766	-	1,574,766
Depreciation	15,134	-	15,134	15,134	-	15,134
Total expenses	8,220,914	-	8,220,914	9,549,800	-	9,549,800
CHANGE IN NET ASSETS	(882,730)	(3,832,825)	(4,715,555)	114,154	1,458,963	1,573,117
NET ASSETS - beginning of year	7,338,576	74,873,355	82,211,931	7,224,422	73,414,392	80,638,814
NET ASSETS- end of year	$ 6,455,846	$ 71,040,530	$ 77,496,376	$ 7,338,576	$ 74,873,355	$ 82,211,931

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION AND SUBSIDIARY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (4,715,555)	$ 1,573,117
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	15,134	15,134
Unrealized and realized losses (gains) on investments	1,531,855	(2,810,563)
Loss on write off of property and equipment	23,726	-
Changes in:		
Accounts and grants receivable	400,971	165,104
Accrued interest receivable	(44,849)	(2,009)
Pledges receivable	538,818	84,613
Due to/from Friends of the Neuberger Museum of Art	4,614	105,879
Other receivables	-	2,390
Prepaid expenses	2,791	3,685
Accounts payable and accrued expenses	(77,938)	(153,838)
Deferred revenue	(804,708)	(379,769)
Gift annuity payable	235	(76,940)
Due to affiliates	(252,087)	383,585
Net cash flow from operating activities	(3,376,993)	(1,089,612)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(42,740,734)	(15,089,875)
Proceeds from sale of investments	44,008,785	18,024,607
Net cash flow from investing activities	1,268,051	2,934,732
CHANGE IN CASH AND CASH EQUIVALENTS	(2,108,942)	1,845,120
CASH AND CASH EQUIVALENTS - beginning of year	5,602,184	3,757,064
CASH AND CASH EQUIVALENTS - end of year	$ 3,493,242	$ 5,602,184

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION AND SUBSIDIARY

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

	Campus Programs	Management and General	Fundraising	Depreciation	2020 Total
Expenses:					
Salaries and wages	$ 1,322,310	$ 213,103	$ 250,069	$ -	$ 1,785,482
Employee benefits	134,009	-	-	-	134,009
Supplies and materials	497,150	29,713	106,880	-	633,743
Printing and postage	123,046	8,253	121,199	-	252,498
Travel and lodging	77,641	1,697	-	-	79,338
Rentals and equipment	62,940	3,342	2,551	-	68,833
Repairs, maintenance and improvements	176,106	59,607	-	-	235,713
Insurance	2,204	31,839	-	-	34,043
Professional fees	1,373,460	285,174	922,454	-	2,581,088
Depreciation expense	-	-	-	15,134	15,134
Other expenses	220,822	58,154	115,288	-	394,264
Expenses before depreciation allocation and campus support	3,989,688	690,882	1,518,441	15,134	- 6,214,145
Depreciation allocation	-	15,134	-	(15,134)	-
Campus support - scholarships and fellowships					2,006,769
Total expenses	$ 3,989,688	$ 706,016	$ 1,518,441	$ -	$ 8,220,914

	Campus Programs	Management and General	Fundraising	Depreciation	2019 Total
Expenses:					
Salaries and wages	$ 1,248,309	$ 235,052	$ 283,100	$ -	$ 1,766,461
Employee benefits	158,949	-	-	-	158,949
Supplies and materials	730,333	41,040	107,323	-	878,696
Printing and postage	140,582	9,689	85,409	-	235,680
Travel and lodging	195,717	4,630	19	-	200,366
Rentals and equipment	95,388	11,459	-	-	106,847
Repairs, maintenance and improvements	209,603	59,607	-	-	269,210
Insurance	5,889	26,256	-	-	32,145
Professional fees	1,843,555	531,631	940,146	-	3,315,332
Depreciation expense	-	-	-	15,134	15,134
Other expenses	145,047	55,761	158,769	-	359,577
Expenses before depreciation allocation and campus support	4,773,372	975,125	1,574,766	15,134	- 7,338,397
Depreciation allocation	-	15,134	-	(15,134)	-
Campus support - scholarships and fellowships					2,211,403
Total expenses	$ 4,773,372	$ 990,259	$ 1,574,766	$ -	$ 9,549,800

1. ORGANIZATION

The Purchase College Foundation (the College Foundation or Foundation), was incorporated under the not-for-profit laws of the State of New York for the promotion of literature, history, visual and performing arts, science and other departments of education at the State University of New York at Purchase (the College or Purchase College).

There are several other nonprofit organizations which have also been formed to support Purchase College, its programs, students and/or faculty. In the normal course of operations, PCF may have transactions with these other nonprofit organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US 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. Actual results could differ from those estimates.

Change in Accounting Principles

In May 2014, the FASB issued ASU 2014-09, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). *Revenue from contracts with customers.* 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 or 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 Purchase College Foundation adopted ASC 606 as of July 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets as a result of the adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles (Continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* with the purpose of improving consistency in reporting whether a transfer of assets is a contribution or an exchange transaction. ASU 2018-08 clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, ASU 2018-08 requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and whether a right of return of assets transferred exists. The Purchase College Foundation adopted ASU 2018-08 for the year ended June 30, 2020, using a modified prospective basis, in which the change in accounting principle is applied only to agreements that are either not completed as of, or are entered into after, the adoption date. There was no effect on total net assets or changes in net assets as a result of adoption.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable primarily represent amounts due from individuals and companies for activities at the Purchase College Foundation - Performing Arts Center. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. For accounts and grants receivable subsequent to the adoption of ASC 606, the estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable.

Pledges Receivable

Pledges are recorded as support when signed pledge agreements are received. A receivable is recorded to the extent that a pledge has been made, but cash has not been collected. At June 30, 2020 and 2019, pledges were recorded at the estimated net present value using a discount rate of 4.0%. Management has determined an allowance for uncollectible pledges receivable is not necessary as of June 30, 2020 and 2019.

Investments

Investments in publicly traded debt securities, equity securities, and mutual funds are stated at fair value. Fair value is determined using quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

In addition, substantially all investments are held as an endowment as described in Note 7. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gift Annuities

The Foundation administers charitable gift annuity agreements. Under these agreements, donors contribute assets to the Foundation in exchange for future fixed payments over a specified period of time. The Foundation has recognized a liability for the present value of the estimated future payments expected to be made to the beneficiaries. Annual adjustments are made to the annuity liabilities to reflect the amortization of the discount and revaluation of expected future payments to beneficiaries based on changes in actuarial assumptions.

Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is being recognized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Donated assets are capitalized at their fair market value on the date of the donation. Depreciation expense for the years ended June 30, 2020 and 2019 was $15,134. These assets were written off during 2020.

Maintenance, routine repairs and minor replacements are charged to current operations as incurred, while those improvements which materially extend the lives of the existing assets are capitalized.

Deferred Revenue

Income from advance ticket sales or rental fees for the Performing Arts Center is deferred until the time of the performance or use of the Center and is reflected as deferred revenue in the statements of financial position. In addition, deferred revenue includes sponsorship income for an event that was postponed as of June 30, 2020.

Contributions and Net Assets

All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Contributions are recorded as net assets with donor restrictions and support if they are received with donor imposed stipulations that limit their use which expire by either the passage of stipulated time or the accomplishment of the stated purpose. Net assets with donor restrictions also includes contributions whose funds are limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise be removed by actions of the Board of Trustees. Net assets with donor restrictions includes endowed funds, the income from which is to be used for campus programs, scholarships, the Neuberger Museum, and the Performing Arts Center.

The Foundation discounts pledges with a collection period of more than one year using a risk adjusted present value rate. The discount is amortized over the term of the pledge and such amortization is recorded within contribution income. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed Services

The Foundation occupies certain facilities and has certain accounting and administrative functions performed by employees of entities affiliated with the State University of New York, without charge. The estimated fair value of the services and facilities provided for the years ended June 30, 2020 and 2019 was $1,069,592 and $1,150,713, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation records revenue from fee and service charges and ticket income and expenses in the period in which they satisfy performance obligations under contracts by transferring services to individuals or companies. The Foundation's performance obligations are performances at the PAC or rental of the PAC facilities. The Foundation's performance obligation is satisfied at the time the performance or rental takes place, therefore the income is recognized at that point in time. The Foundation recognizes revenue at amounts that reflect the consideration to which they expect to be entitled in exchange for the services provided. These amounts are due from individuals and companies and are paid for at the time of service or billed monthly. The transaction prices is based on established charges for services provided and the Foundation expects to collect established charges.

After the adoption of ASC 606, the Foundation reviews individual contracts at the time of the performance. Since the revenue is recognized when the performance takes place there are no implicit price concessions related to these services as of June 30, 2020.

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.

Advertising

The Foundation expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2020 and 2019 primarily related to Purchase College Foundation - Performing Arts Center ("PCF-PAC") were $116,358 and $160,654, respectively.

Fair Value of Financial Instruments

Generally accepted accounting principles establish 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 Foundation. Unobservable inputs are inputs that reflect 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 Foundation has 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 Foundation's mutual funds, common stocks, U.S. government obligations, and money market funds are primarily valued utilizing Level 1 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 Foundation's corporate bonds are valued utilizing Level 2 inputs.

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

  The Foundation's gift annuities are primarily valued utilizing 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 Foundation 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.

Income Taxes
The Foundation and the Subsidiary are exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and have been classified by the Internal Revenue Service as organizations that are not private foundations as defined under Section 509(a)(1) of the Internal Revenue Code.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation is substantially supported by contributions received from donors and investment earnings. The following reflected the Foundation's 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.

	2020	2019
Financial assets		
Cash and cash equivalents	$ 3,493,242	$ 5,602,184
Accounts and grants receivable, net	30,216	431,187
Accrued interest receivable	105,706	60,857
Pledges receivable, net	386,780	925,598
Investments	76,397,575	79,194,204
Total financial assets	80,413,519	86,214,030
Less: those unavailable for general expenditures within one year due to:		
Board designated quasi-endowments	(7,422,043)	(7,786,402)
Restricted by donor with purpose or time restriction	(71,040,530)	(74,873,355)
Total financial assets available for general expenditure withone one year	$ 1,950,946	$ 3,554,273

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Foundation's ability to meet its cash need is, in part, dependent on contributions as well as its investment returns. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The Foundation also has a policy that requires sufficient balances be available before expenditures are approved and cash is released. The Foundation distributed available balance reports to campus budget owners on a monthly basis. Should the Foundation be struggling from a cash flow perspective, they could also request support from Purchase College or another entity to meet the cash needs.

4. PLEDGES RECEIVABLE

Pledges receivable at June 30, are as follows:

	2020	2019
Amounts due in:		
Less than one year	$ 216,500	$ 655,914
One to five years	195,750	311,294
	412,250	967,208
Less: Discount to present value	(25,470)	(41,610)
	$ 386,780	$ 925,598

5. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30, 2020 and 2019:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2020				
United States government obligations	$ 1,668,265	$ -	$ -	$ 1,668,265
Corporate bonds	-	3,870,264	-	3,870,264
Mutual funds	53,248,019	-	-	53,248,019
Money market funds	737,101	-	-	737,101
Common stock	16,873,926	-	-	16,873,926
Total investments	72,527,311	3,870,264	-	76,397,575
Gift annuities	-	-	12,932	12,932
	$72,527,311	$ 3,870,264	$ 12,932	$76,410,507
June 30, 2019				
United States government obligations	$ 1,973,392	$ -	$ -	$ 1,973,392
Corporate bonds	-	8,439,650	-	8,439,650
Mutual funds	59,602,957	-	-	59,602,957
Money market funds	1,610,765	-	-	1,610,765
Common stock	7,567,440	-	-	7,567,440
Total investments	70,754,554	8,439,650	-	79,194,204
Gift annuities	-	-	16,209	16,209
	$70,754,554	$ 8,439,650	$ 16,209	$79,210,413

5. FAIR VALUE MEASUREMENTS (Continued)

The following reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during June 30:

	2020	2019
Beginning balance	$ 16,209	$ 189,032
Sales proceeds	-	(159,126)
Gain/loss on investment, net	(3,277)	(13,697)
	$ 12,932	$ 16,209

Investment income (net) on the statements of activities consists of interest and dividends, realized and unrealized gains/losses on investments, and investment fees.

Management reviews the fair value measurement valuation policies and procedures, including those for Level 3 measurements. The Foundation's Board of Trustees assesses and approves these policies and procedures. Quantitative unobservable inputs are not developed by the Foundation in measuring fair value. Third party pricing information is used without adjustment. There were no changes in valuation techniques during 2020 or 2019. The Foundation 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 Foundation's corporate bonds and gift annuities 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.

6. EQUIPMENT

Equipment consisted of the following at June 30:

	2020	2019
Equipment	$ -	$ 399,631
Furniture and fixtures	-	127,774
	-	527,405
Less: Accumulated depreciation	-	(488,545)
	$ -	$ 38,860

7. ENDOWMENT FUNDS

The Foundation 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 with donor restrictions or net assets without 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 Foundation's 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 thru 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 universes and evaluating managers to peer universes.

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 Foundation 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 Foundation classified as donor 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NYPMIFA.

7. ENDOWMENT FUNDS (Continued)

The following is a reconciliation of the activity in the endowment and board designated funds for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2018	$ 7,715,166	$ 67,620,927	$75,336,093
Contributions and pledge collections	-	1,156,355	1,156,355
Transfers	-	1,236,917	1,236,917
Capital appreciation	284,645	2,525,918	2,810,563
Investment income	121,991	1,062,943	1,184,934
Appropriation for expenditure	(335,400)	(3,440,378)	(3,775,778)
Balance, June 30, 2019	7,786,402	70,162,682	77,949,084
Contributions and pledge collections	-	565,797	565,797
Transfers	-	(110,394)	(110,394)
Capital appreciation (depreciation)	(246,188)	(1,285,667)	(1,531,855)
Investment income	180,846	944,431	1,125,277
Appropriation for expenditure	(299,017)	(3,286,252)	(3,585,269)
Balance, June 30, 2020	$ 7,422,043	$ 66,990,597	$74,412,640
Comprised of the following at:			
June 30, 2020			
Donor restricted funds	$ -	$ 66,990,597	$66,990,597
Board designated funds	$ 7,422,043	$ -	$ 7,422,043
June 30, 2019			
Donor restricted funds	$ -	$ 70,162,682	$70,162,682
Board designated funds	$ 7,786,402	$ -	$ 7,786,402

The Board designated funds are designated for general campus programs that will support the operations at Purchase College.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Campus programs	$28,855,457	$ 31,627,079
Scholarships	21,528,231	21,999,436
Performing Arts Center	2,172,439	2,220,998
Neuberger Museum	18,484,403	19,025,842
	$71,040,530	$ 74,873,355

Net assets with donor restrictions were released from restriction for the years ended June 30, for the following purposes:

	2020	2019
Campus programs	$ 2,457,324	$ 3,456,550
Scholarships	1,658,737	1,183,097
Performing Arts Center	208,744	555,155
Neuberger Museum	555,075	725,484
	$ 4,879,880	$ 5,920,286

During the years ended June 30, 2020 and 2019, the Foundation transferred $29,606 and $412,528 from net assets without donor restrictions to net assets with donor restrictions, respectively.

The portion of the endowed net assets with donor restrictions is $66,990,597 and $70,162,682 as of June 30, 2020 and 2019, respectively. The amount the Foundation is required to maintain in perpetuity for these endowments is $40,734,983 and $40,279,580 as of June 30, 2020 and 2019, respectively.

9. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash accounts in financial institutions which from time to time exceed the Federal depository insurance limit as well as investments and receivables which are expected to be collected in the normal course of business. Investments of the Foundation are held in diversified portfolios consisting of equities, debt equities and mutual funds to limit its exposure to market risks, but may be concentrated at times.

10. TRANSACTIONS WITH AFFILIATES

As described in Note 1, the mission of the College Foundation is to promote literature, history, visual and performing arts, science and other departments of education of the College. There are several other nonprofit organizations whose missions include support of the various areas of the College. As such, the College Foundation may have transactions with some or all of these non-profit organizations during the normal course of operations.

A summary of transactions and balances due to or from these entities is as follows:

Friends of Neuberger Museum of Art (Friends) - A balance is due to Friends in the amount of $64,834 as of June 30, 2020. As of June 30, 2019, there was a balance due from Friends in the amount of $60,220.

All loans to and from affiliates are considered short term in nature and are unsecured and non-interest bearing.

Purchase College Association (PCA) – During the year ended June 30, 2015, PCA transferred $1.5 million to the Foundation so that the Foundation could invest these funds for the benefit of PCA (as a pooled investment). As of June 30, 2020 and 2019, the amount of investments held by the Foundation and due to PCA amounted to $1,900,063 and $1,941,015, respectively. As of June 30, 2020 and 2019, there is also a balance due from the PAC to PCA of $0 and $41,999, respectively, relating to parking fees collected on their behalf.

Purchase College – The Performing Arts Center (PAC) typically reimburses the College for certain personnel costs related to the running of the facility. The balance due to Purchase College amounted to $325,758 and $494,894, respectively, as of June 30, 2020 and 2019.

11. 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 the College Foundation 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.