

FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.

**Financial Statements as of
June 30, 2021 and 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 12, 2021

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, 2021 and 2020, 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.

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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, 2021 and 2020, 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.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,304,962	\$ 1,307,357
Due from Purchase College Foundation	343,858	86,429
Contributions receivable	-	2,865
Pledges receivable	136,750	-
Prepaid expenses and other assets	26,583	32,802
Investments	10,616,453	8,724,654
Collections (See Note 2)	-	-
	<u>\$ 12,428,606</u>	<u>\$ 10,154,107</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Purchase College	\$ 131,356	\$ 130,018
Due to Purchase College Foundation	-	24,566
Accrued expenses and other liabilities	3,120	-
Deferred revenue	16,309	27,972
	<u>150,785</u>	<u>182,556</u>
Total liabilities		
NET ASSETS:		
Without donor restrictions	383,637	479,257
With donor restrictions	11,894,184	9,492,294
	<u>12,277,821</u>	<u>9,971,551</u>
Total net assets	<u>\$ 12,428,606</u>	<u>\$ 10,154,107</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, 2021 AND 2020**

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions, gifts and grants	\$ 150,235	\$ 416,541	\$ 566,776	\$ 326,878	\$ 203,200	\$ 530,078
Contributed services and facilities	54,891	-	54,891	132,675	-	132,675
Membership dues	54,025	-	54,025	83,290	-	83,290
Investment income	-	2,308,368	2,308,368	1,455	6,344	7,799
Admission and subscriptions	-	-	-	6,499	-	6,499
Other sources	2,089	1,671	3,760	2,476	-	2,476
Special events	40,787	-	40,787	-	-	-
Cost of direct benefits to donors	(25,600)	-	(25,600)	-	-	-
Net assets released from restrictions	324,690	(324,690)	-	578,731	(578,731)	-
Total revenue	601,117	2,401,890	3,003,007	1,132,004	(369,187)	762,817
EXPENSES:						
Program services	477,154	-	477,154	854,237	-	854,237
Supporting services						
Management and general	194,295	-	194,295	301,244	-	301,244
Fundraising	25,288	-	25,288	33,747	-	33,747
Total supporting services	219,583	-	219,583	334,991	-	334,991
Total expenses	696,737	-	696,737	1,189,228	-	1,189,228
CHANGE IN NET ASSETS	(95,620)	2,401,890	2,306,270	(57,224)	(369,187)	(426,411)
NET ASSETS - beginning of year	479,257	9,492,294	9,971,551	536,481	9,861,481	10,397,962
NET ASSETS - end of year	\$ 383,637	\$ 11,894,184	\$ 12,277,821	\$ 479,257	\$ 9,492,294	\$ 9,971,551

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, 2021 AND 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>
Expenses:				
Salaries and wages	\$ 302,187	\$ 52,356	\$ -	\$ 354,543
Supplies and materials	19,274	5,275	-	24,549
Printing and postage	82	-	-	82
Repairs & maintenance	2,535	-	-	2,535
Insurance	3,694	-	-	3,694
Professional fees	-	136,664	-	136,664
Program activities and special events	146,596	-	-	146,596
Other expenses	<u>2,786</u>	<u>-</u>	<u>25,288</u>	<u>28,074</u>
Total Expenses	<u>\$ 477,154</u>	<u>\$ 194,295</u>	<u>\$ 25,288</u>	<u>\$ 696,737</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</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
Other expenses	<u>58,141</u>	<u>13,230</u>	<u>33,747</u>	<u>105,118</u>
Total Expenses	<u>\$ 854,237</u>	<u>\$ 301,244</u>	<u>\$ 33,747</u>	<u>\$ 1,189,228</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,306,270	\$ (426,411)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net loss (gain) on investments	(2,113,719)	241,708
Changes in:		
Due to/from Purchase College Foundation	(281,995)	(4,138)
Contributions receivable	2,865	(365)
Pledges receivable	(136,750)	-
Prepaid expenses and other assets	6,219	(27,032)
Due to Purchase College	1,338	18,981
Accrued expenses and other liabilities	3,120	(11,832)
Deferred revenue	<u>(11,663)</u>	<u>11,663</u>
Net cash flow from operating activities	<u>(224,315)</u>	<u>(197,426)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	481,137	805,033
Purchase of investments	<u>(259,217)</u>	<u>(632,745)</u>
Net cash flow from investing activities	<u>221,920</u>	<u>172,288</u>
CHANGE IN CASH	(2,395)	(25,138)
CASH - beginning of year	<u>1,307,357</u>	<u>1,332,495</u>
CASH - end of year	<u>\$ 1,304,962</u>	<u>\$ 1,307,357</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, 2021 AND 2020

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 Principle

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*". This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Friends has adopted this standard in 2021. The adoption of this guidance had no impact on the financial statement amounts.

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. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Friends'.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As of June 30, 2021 and 2020, all contributions and pledges receivable are collectible in the next fiscal year.

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, 2021 and 2020, management concluded that an allowance was not required.

Investments

During 2021, the Friends' transferred their investment holdings into a pooled account that is held by Purchase College Foundation, Inc. (PCF) The balance as of June 30, 2021 represents the share of investments held by Purchase College Foundation, Inc. on behalf of the Friends'. Pooled investments held by PCF are considered to be recorded at net asset value (NAV). 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. For the year ended June 30, 2020, 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.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, particularly hedge funds, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (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 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.

Advertising Costs

The Friends expenses advertising costs as incurred which approximated \$43,900 and \$61,500 for the years ended June 30, 2021 and 2020, 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 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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,304,962	\$ 1,307,357
Due from Purchase College Foundation	343,858	86,429
Contributions receivable	-	2,865
Pledge receivable	136,750	-
Investments	<u>10,616,453</u>	<u>8,724,654</u>
Total financial assets	12,402,023	10,121,305
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(11,894,184)</u>	<u>(9,496,290)</u>
Total financial assets available to meet cash needs for general expenditures in one year	<u>\$ 507,839</u>	<u>\$ 625,015</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.

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>2021</u>	<u>2020</u>
Pooled investments held by PCF	\$10,616,453	\$ -
Money market funds	-	93,753
United States agency obligations	-	45,491
Common stock	-	1,037,430
Mutual funds	-	5,841,071
Corporate bonds	-	1,706,909
	<u>\$10,616,453</u>	<u>\$ 8,724,654</u>

The pooled investments held by PCF consists of approximately 57% equities, 16% fixed income funds, 24% hedge funds, and 3% cash equivalents. Equities consist of large cap, small cap, international, and emerging market funds. Fixed income consists of broad domestic and high yield fixed income funds. Hedge funds consist of investments in eleven different funds all structured as limited partnerships each with its own unique fund strategy. There are no unfunded commitments relating to these hedge funds. All of these hedge funds are redeemable either monthly or quarterly with 30 to 60 days notice depending on the fund.

As of June 30, 2021, the pooled investments held by PCF are considered to be valued at NAV. The pooled investments consist of endowment funds (see Note 8) as well as other restricted funds. The investment income is allocated to each of these funds (endowed and non-endowed) in accordance with the PCF investment and endowment policy.

As of June 30, 2020, investments were considered to be valued at fair market value as follows:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</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	-	1,706,909	-	1,706,909
Total investments	<u>\$6,972,254</u>	<u>\$1,752,400</u>	<u>\$ -</u>	<u>\$8,724,654</u>

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.

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, 2021 and 2020 was \$54,891 and \$132,675, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Educational and public programs	\$ 3,234,687	\$ 2,314,372
Exhibitions/Acquisitions	4,640,895	3,806,934
General operations	<u>4,018,602</u>	<u>3,374,984</u>
	<u>\$11,894,184</u>	<u>\$ 9,496,290</u>

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

	<u>2021</u>	<u>2020</u>
Educational	\$ 68,385	\$ 156,068
General operations	109,845	110,809
Exhibitions/Acquisitions	<u>146,460</u>	<u>311,854</u>
	<u>\$ 324,690</u>	<u>\$ 578,731</u>

7. 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, 2021 and 2020 are investment management fees of \$8,555 and \$10,904, respectively.

8. 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 Directors 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.

8. ENDOWMENT FUNDS (Continued)

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 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 Directors 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 board designated and donor restricted endowment funds:

	<u>With Donor Restrictions</u>
Balance, June 30 2019	\$ 6,616,881
Investment income, net	238,400
Appropriation for expenditure	<u>(486,425)</u>
Balance, June 30 2020	\$ 6,368,856
Contributions and pledge collections	125,000
Transfers	(1,309)
Investment income, net	1,537,595
Appropriation for expenditure	<u>(91,506)</u>
Balance, June 30 2021	<u>\$ 7,938,636</u>

9. SPECIAL EVENTS

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

	<u>2021</u>	<u>2020</u>
Special event revenue	\$ 40,787	\$ -
Costs of direct benefits to donors	<u>(25,600)</u>	<u>-</u>
	<u>\$ 15,187</u>	<u>\$ -</u>

10. 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.

11. COMMITMENTS AND CONTINGENCIES

The United States is presently in the midst of a national health emergency related to 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 Friends' and its future results and financial position is not presently determinable.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2021, which is the date the financial statements were available to be issued.