

FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.

**Financial Statements as of
June 30, 2023 and 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 7, 2023

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

Opinion

We have audited the accompanying financial statements of Friends of the Neuberger Museum of Art, Inc. (a New York State not-for-profit corporation) which comprises the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Neuberger Museum of Art, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of the Neuberger Museum of Art, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of the Neuberger Museum of Art, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of the Neuberger Museum of Art, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,773,048	\$ 1,397,066
Due from Purchase College Foundation	-	328,466
Due from Purchase College	-	21,095
Accounts receivable	16,926	-
Pledges receivable	144,230	45,750
Prepaid expenses and other assets	-	13,298
Investments held by Purchase College Foundation	<u>8,755,817</u>	<u>8,578,062</u>
	<u>\$ 10,690,021</u>	<u>\$ 10,383,737</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Purchase College	\$ 47,026	\$ -
Accrued expenses and other liabilities	9,236	14,687
Deferred revenue	<u>1,500</u>	<u>1,500</u>
Total liabilities	<u>57,762</u>	<u>16,187</u>
NET ASSETS:		
Without donor restrictions	620,750	433,991
With donor restrictions	<u>10,011,509</u>	<u>9,933,559</u>
Total net assets	<u>10,632,259</u>	<u>10,367,550</u>
	<u>\$ 10,690,021</u>	<u>\$ 10,383,737</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, 2023 AND 2022

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions, gifts and grants	\$ 200,444	\$ 415,828	\$ 616,272	\$ 203,038	\$ 300,200	\$ 503,238
Contributed services and facilities	36,561	-	36,561	42,761	-	42,761
Membership dues	52,835	-	52,835	52,845	-	52,845
Investment income	9,711	771,873	781,584	-	(1,046,390)	(1,046,390)
Admission and subscriptions	971	-	971	296	-	296
Other sources	53	16,926	16,979	20,073	-	20,073
Net assets released from restrictions	<u>1,026,677</u>	<u>(1,026,677)</u>	<u>-</u>	<u>719,435</u>	<u>(719,435)</u>	<u>-</u>
Total revenue	<u>1,327,252</u>	<u>177,950</u>	<u>1,505,202</u>	<u>1,038,448</u>	<u>(1,465,625)</u>	<u>(427,177)</u>
EXPENSES:						
Program services	<u>862,412</u>	<u>-</u>	<u>862,412</u>	<u>649,147</u>	<u>-</u>	<u>649,147</u>
Supporting services						
Management and general	240,368	-	240,368	217,465	-	217,465
Fundraising	<u>37,713</u>	<u>-</u>	<u>37,713</u>	<u>121,482</u>	<u>-</u>	<u>121,482</u>
Total supporting services	<u>278,081</u>	<u>-</u>	<u>278,081</u>	<u>338,947</u>	<u>-</u>	<u>338,947</u>
Total expenses	<u>1,140,493</u>	<u>-</u>	<u>1,140,493</u>	<u>988,094</u>	<u>-</u>	<u>988,094</u>
CHANGE IN NET ASSETS BEFORE CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED	186,759	177,950	364,709	50,354	(1,465,625)	(1,415,271)
CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED						
Collection items purchased	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(495,000)</u>	<u>(495,000)</u>
CHANGE IN NET ASSETS	186,759	77,950	264,709	50,354	(1,960,625)	(1,910,271)
NET ASSETS - beginning of year	<u>433,991</u>	<u>9,933,559</u>	<u>10,367,550</u>	<u>383,637</u>	<u>11,894,184</u>	<u>12,277,821</u>
NET ASSETS - end of year	<u>\$ 620,750</u>	<u>\$ 10,011,509</u>	<u>\$ 10,632,259</u>	<u>\$ 433,991</u>	<u>\$ 9,933,559</u>	<u>\$ 10,367,550</u>

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, 2023 AND 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>
Expenses:				
Program activities and special events	\$ 490,200	\$ -	\$ 1,121	\$ 491,321
Salaries and wages	224,676	33,994	-	258,670
Professional fees	24,267	188,915	13,996	227,178
Collection item purchase	100,000	-	-	100,000
Other expenses	10,045	-	22,596	32,641
Insurance	52,698	-	-	52,698
Repairs & maintenance	49,890	-	-	49,890
Supplies and materials	10,418	984	-	11,402
Bad debt	-	16,475	-	16,475
Printing and postage	218	-	-	218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 962,412</u>	<u>\$ 240,368</u>	<u>\$ 37,713</u>	<u>\$ 1,240,493</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>
Expenses:				
Program activities and special events	\$ 418,441	\$ -	\$ -	\$ 418,441
Salaries and wages	210,840	40,194	-	251,034
Professional fees	-	173,356	-	173,356
Collection item purchase	495,000	-	-	495,000
Other expenses	5,535	-	121,482	127,017
Insurance	3,808	-	-	3,808
Repairs & maintenance	2,567	-	-	2,567
Supplies and materials	7,906	3,915	-	11,821
Printing and postage	50	-	-	50
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,144,147</u>	<u>\$ 217,465</u>	<u>\$ 121,482</u>	<u>\$ 1,483,094</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 264,709	\$ (1,910,271)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net loss (gain) on investments	(629,045)	1,193,306
Bad debt expense	16,475	-
Changes in:		
Due to/ from Purchase College Foundation	328,466	15,392
Due to/ from Purchase College	68,121	(152,451)
Accounts receivable	(16,926)	-
Pledges receivable	(114,955)	91,000
Prepaid expenses and other assets	13,298	13,285
Accrued expenses and other liabilities	(5,451)	11,567
Deferred revenue	<u>-</u>	<u>(14,809)</u>
Net cash flow from operating activities	<u>(75,308)</u>	<u>(752,981)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	603,829	992,001
Purchase of investments	<u>(152,539)</u>	<u>(146,916)</u>
Net cash flow from investing activities	<u>451,290</u>	<u>845,085</u>
CHANGE IN CASH	375,982	92,104
CASH - beginning of year	<u>1,397,066</u>	<u>1,304,962</u>
CASH - end of year	<u>\$ 1,773,048</u>	<u>\$ 1,397,066</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, 2023 AND 2022

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.

Recently Adopted Accounting Guidance

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Friends adopted the standard effective July 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. The adoption of this guidance did not have an impact on the financial statements of the Friends.

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, 2023, discount on pledges receivable is \$1,681 using a rate of 4%. Of the outstanding pledge balance \$130,911 is due within the next fiscal year and \$15,000 is due between 2025 and 2027. As of June 30, 2022 all pledges receivable were collectible within the next fiscal year.

Investments

The Friends' investment holdings are in a pooled account that is held by Purchase College Foundation, Inc. (PCF). The balance as of June 30, 2023 and 2022 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.

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 portfolio is valued based on NAV; therefore this is not categorized within the fair value hierarchy as of June 30, 2023 and 2022.

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. During the year ended June 30, 2023 and 2022, new work was purchased for \$100,000 and \$495,000, respectively, and added to the collection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$15,000 and \$1,600 for the years ended June 30, 2023 and 2022, 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 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>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 1,773,048	1,397,066
Due from Purchase College Foundation	-	328,466
Due from Purchase College	-	21,095
Accounts receivable	16,926	-
Pledge receivable	144,230	45,750
Investments held by Purchase College Foundation	<u>8,755,817</u>	<u>8,578,062</u>
Total financial assets	10,690,021	10,370,439
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(10,011,509)</u>	<u>(9,933,559)</u>
Total financial assets available to meet cash needs for general expenditures in one year	<u>\$ 678,512</u>	<u>\$ 436,880</u>

3. LIQUIDITY (Continued)

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 HELD BY PURCHASE COLLEGE FOUNDATION AND FAIR VALUE MEASUREMENTS

The following table summarizes investments as of June 30:

	<u>2023</u>	<u>2022</u>
Pooled investments held by PCF	<u>\$ 8,755,817</u>	<u>\$ 8,578,062</u>

The pooled investments held by PCF consists of approximately 66% equities, 9% fixed income funds, 23% hedge funds, and 2% 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 twelve 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, 2023 and 2022, the pooled investments held by PCF are considered to be valued at NAV. The pooled investments consist of endowment funds (see Note 7) 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.

5. CONTRIBUTED NONFINANCIAL ASSETS

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"). Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2023</u>	<u>2022</u>
Services	\$ 33,994	\$ 40,194
Space	<u>2,567</u>	<u>2,567</u>
	<u>\$ 36,561</u>	<u>\$ 42,761</u>

5. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

Contributed services recognized comprise docent and research hours as well as administrative time. Contributed services are valued and reported at the estimated fair value in the financial statements based on current market rates for similar services or established contract hourly rates.

Contributed space is used for general and administrative activities. The fair value of this space is based on an established contract rate.

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Educational and public programs	\$ 3,194,590	\$ 2,837,633
Exhibitions/Acquisitions	3,362,170	3,381,493
General operations	<u>3,454,749</u>	<u>3,714,433</u>
	<u>\$10,011,509</u>	<u>\$ 9,933,559</u>

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

	<u>2023</u>	<u>2022</u>
Educational and public programs	\$ 143,887	\$ 31,298
General operations	335,251	116,447
Exhibitions/Acquisitions	<u>647,539</u>	<u>571,690</u>
	<u>\$ 1,126,677</u>	<u>\$ 719,435</u>

7. 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 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 Friends' current spending policy is to distribute 5% annually of the trailing three-year average (by month commencing fiscal year June 30, 2022) of the endowment's market 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.

7. ENDOWMENT FUNDS (Continued)

The objective of the Endowment fund is to earn an average real return greater than or equal to the annual spending rate plus the rate of inflation. 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 endowment's assets are divided into three parts; publicly traded equities, fixed income securities and alternative instruments. The Investment Committee will annually approve and adopt investment targets. The 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, 2021	\$ 7,938,636
Transfers	(7,350)
Investment income, net	(927,073)
Appropriation for expenditure	<u>(88,740)</u>
Balance, June 30, 2022	\$ 6,915,473
Contributions and pledge collections	23,669
Investment income, net	592,579
Appropriation for expenditure	<u>(681,217)</u>
Balance, June 30, 2023	<u>\$ 6,850,504</u>

8. 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.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 7, 2023, which is the date the financial statements were available to be issued.