

FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.

**Financial Statements as of
June 30, 2024 and 2023
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 5, 2024

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 comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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 and for 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.

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

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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 audit.

FRIENDS OF NEUBERGER MUSEUM OF ART, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,830,695	\$ 1,773,048
Accounts receivable	-	16,926
Pledges receivable	9,055	144,230
Investments held by Purchase College Foundation	<u>8,888,133</u>	<u>8,755,817</u>
	<u>\$ 10,727,883</u>	<u>\$ 10,690,021</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Purchase College	\$ 51,331	\$ 47,026
Accrued expenses and other liabilities	20,035	9,236
Deferred revenue	<u>-</u>	<u>1,500</u>
Total liabilities	<u>71,366</u>	<u>57,762</u>
NET ASSETS:		
Without donor restrictions	649,601	620,750
With donor restrictions	<u>10,006,916</u>	<u>10,011,509</u>
Total net assets	<u>10,656,517</u>	<u>10,632,259</u>
	<u>\$ 10,727,883</u>	<u>\$ 10,690,021</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, 2024 AND 2023

	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions, gifts and grants	\$ 171,189	\$ 101,137	\$ 272,326	\$ 200,444	\$ 415,828	\$ 616,272
Contributed services and facilities	75,346	-	75,346	36,561	-	36,561
Membership dues	5,130	-	5,130	52,835	-	52,835
Investment income	-	873,904	873,904	-	771,873	771,873
Other interest income	62,235	-	62,235	9,711	-	9,711
Special events	105,875	-	105,875	-	-	-
Other sources	15,649	-	15,649	53	16,926	16,979
Admission and subscriptions	-	-	-	971	-	971
Net assets released from restrictions	946,960	(946,960)	-	1,026,677	(1,026,677)	-
Total revenue	1,382,384	28,081	1,410,465	1,327,252	177,950	1,505,202
EXPENSES:						
Program services	802,537	-	802,537	805,088	-	805,088
Supporting services						
Management and general	266,148	-	266,148	240,368	-	240,368
Fundraising	284,848	-	284,848	95,037	-	95,037
Total supporting services	550,996	-	550,996	335,405	-	335,405
Total expenses	1,353,533	-	1,353,533	1,140,493	-	1,140,493
CHANGE IN NET ASSETS BEFORE CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED	28,851	28,081	56,932	186,759	177,950	364,709
CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED						
Collection items purchased	-	(32,674)	(32,674)	-	(100,000)	(100,000)
CHANGE IN NET ASSETS	28,851	(4,593)	24,258	186,759	77,950	264,709
NET ASSETS - beginning of year	620,750	10,011,509	10,632,259	433,991	9,933,559	10,367,550
NET ASSETS - end of year	\$ 649,601	\$ 10,006,916	\$ 10,656,517	\$ 620,750	\$ 10,011,509	\$ 10,632,259

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, 2024 AND 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>
Expenses:				
Salaries and wages	\$ 230,874	\$ 72,780	\$ 212,082	\$ 515,736
Program activities and special events	330,302	(900)	71,634	401,036
Professional fees	80,532	191,720	-	272,252
Repairs & maintenance	126,845	-	-	126,845
Collection item purchase	32,674	-	-	32,674
Advertising	17,781	-	-	17,781
Other expenses	11,082	-	1,091	12,173
Supplies and materials	2,612	2,548	-	5,160
Insurance	2,509	-	-	2,509
Printing and postage	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	835,211	266,148	284,848	1,386,207
Less collection item purchase	(32,674)	-	-	(32,674)
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	<u>\$ 802,537</u>	<u>\$ 266,148</u>	<u>\$ 284,848</u>	<u>\$ 1,353,533</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>
Expenses:				
Salaries and wages	\$ 167,352	\$ 33,994	57,324	\$ 258,670
Program activities and special events	475,233	-	1,121	476,354
Professional fees	24,267	188,915	13,996	227,178
Repairs & maintenance	49,890	-	-	49,890
Collection item purchase	100,000	-	-	100,000
Advertising	14,967	-	-	14,967
Other expenses	10,045	-	22,596	32,641
Supplies and materials	10,418	984	-	11,402
Insurance	52,698	-	-	52,698
Bad debt	-	16,475	-	16,475
Printing and postage	218	-	-	218
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	905,088	240,368	95,037	1,240,493
Less collection item purchase	(100,000)	-	-	(100,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 805,088</u>	<u>\$ 240,368</u>	<u>\$ 95,037</u>	<u>\$ 1,140,493</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 24,258	\$ 264,709
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net gain on investments	(677,740)	(629,045)
Bad debt	-	16,475
Changes in:		
Due to/ from Purchase College Foundation	-	328,466
Due to/ from Purchase College	4,305	68,121
Accounts receivable	16,926	(16,926)
Pledges receivable	135,175	(114,955)
Prepaid expenses and other assets	-	13,298
Accrued expenses and other liabilities	10,799	(5,451)
Deferred revenue	<u>(1,500)</u>	<u>-</u>
Net cash flow from operating activities	<u>(487,777)</u>	<u>(75,308)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	741,588	603,829
Purchase of investments	<u>(196,164)</u>	<u>(152,539)</u>
Net cash flow from investing activities	<u>545,424</u>	<u>451,290</u>
CHANGE IN CASH	57,647	375,982
CASH - beginning of year	<u>1,773,048</u>	<u>1,397,066</u>
CASH - end of year	<u>\$ 1,830,695</u>	<u>\$ 1,773,048</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, 2024 AND 2023

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

Accounting Standards Codification (ASC) Topic 326, "Financial Instruments – Credit Losses" requires certain financial assets to be measured at amortized cost, net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective July 1, 2023, the Friends adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncement did not have a material impact on the financial statements.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

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

Contributions and Pledges Receivable

Support is recognized when a donor makes an unconditional promise to give to the Friends. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. Pledges receivable are collectible over future periods and have been recorded at their net present value. As of June 30, 2024 and 2023, discount on pledges receivable is \$945 and \$1,681, respectively, using a rate of 4%. As of June 30, 2024, the outstanding pledge balance of \$10,000 is due between 2025 and 2027. The June 30, 2023 pledge receivable was collected during the year ended June 30, 2024.

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, 2024 and 2023 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, 2024 and 2023.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections (Continued)

In conformity with U.S. GAAP followed by art museums, the value of the Friends' collections has been excluded from the statements of financial position and gifts of art objects are excluded from revenue in the statements of activities. Purchases of art objects by the Friends are recorded as decreases in net assets in the statements of activities. Proceeds from the sale of art are recorded as increases in net assets with donor restrictions. During the year ended June 30, 2024 and 2023, new work was purchased for \$32,674 and \$100,000, respectively, and added to the collection.

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 \$18,000 and \$15,000 for the years ended June 30, 2024 and 2023, 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 statements 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 sufficient 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 statements 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.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the current year presentation.

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>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 1,830,695	1,773,048
Accounts receivable	-	16,926
Pledge receivable	9,055	144,230
Investments held by Purchase College Foundation	<u>8,888,133</u>	<u>8,755,817</u>
Total financial assets	10,727,883	10,690,021
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(10,006,916)</u>	<u>(10,011,509)</u>
Total financial assets available to meet cash needs for general expenditures in one year	<u>\$ 720,967</u>	<u>\$ 678,512</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 maintain 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>2024</u>	<u>2023</u>
Pooled investments held by PCF	<u>\$ 8,888,133</u>	<u>\$ 8,755,817</u>

The pooled investments held by PCF consist of approximately 62% equities, 17% fixed income funds, 13% alternative investments, and 8% cash equivalents. Equities consist of large cap, small cap, international, and emerging market funds. Fixed income consist of broad domestic and high yield fixed income funds. Alternative investments consist of investments in different hedge funds and private equity funds each with its own unique fund strategy. There is \$1,995,902 of unfunded commitments relating to these funds at year-end. All of the hedge funds are redeemable either daily, monthly or quarterly with 2 to 70 days notice depending on the fund. Two of the private equity funds are redeemable quarterly with 15 to 90 days notice depending on the fund. Three of the private equity funds are closed funds and are expected to have a ten to twelve year term at which time they can be redeemed.

4. INVESTMENTS HELD BY PURCHASE COLLEGE FOUNDATION AND FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2024 and 2023, 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, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2024</u>	<u>2023</u>
Services	\$ 72,779	\$ 33,994
Space	<u>2,567</u>	<u>2,567</u>
	<u>\$ 75,346</u>	<u>\$ 36,561</u>

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>2024</u>	<u>2023</u>
Educational and public programs	\$ 3,148,271	\$ 3,194,590
Exhibitions/Acquisitions	3,383,143	3,362,170
General operations	<u>3,475,502</u>	<u>3,454,749</u>
	<u>\$10,006,916</u>	<u>\$10,011,509</u>

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

	<u>2024</u>	<u>2023</u>
Educational and public programs	\$ 327,049	\$ 143,887
General operations	301,935	335,251
Exhibitions/Acquisitions	<u>350,650</u>	<u>647,539</u>
	<u>\$ 979,634</u>	<u>\$ 1,126,677</u>

7. SPECIAL EVENTS

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

	<u>2024</u>	<u>2023</u>
Special event revenue	\$ 125,755	\$ -
Costs of direct benefits to donors	<u>(19,880)</u>	<u>-</u>
	<u>\$ 105,875</u>	<u>\$ -</u>

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 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 funds are invested in the PCF pooled investment fund as described in Note 4.

PCF's 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.

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.

8. ENDOWMENT FUNDS (Continued)

The following is a reconciliation of the investment activity in the donor restricted endowment funds:

	<u>With Donor Restrictions</u>
Balance, June 30, 2022	\$ 6,915,473
Capital appreciation	468,624
Contributions and pledge collections	23,669
Investment income, net	1,061
Appropriation for expenditure	<u>(558,323)</u>
Balance, June 30, 2023	\$ 6,850,504
Capital appreciation	504,236
Contributions and pledge collections	2,387
Investment income, net	3,302
Appropriation for expenditure	<u>(338,881)</u>
Balance, June 30, 2024	<u>\$ 7,021,548</u>

9. 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.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 5, 2024, which is the date the financial statements were available to be issued.