

THE PURCHASE COLLEGE FOUNDATION

**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 Trustees of
The Purchase College Foundation:

Opinion

We have audited the accompanying financial statements of The Purchase College Foundation (the Foundation) (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 The Purchase College Foundation 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 The Purchase College Foundation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 The Purchase College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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

www.bonadio.com

INDEPENDENT AUDITOR'S REPORT

(Continued)

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. 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 The Purchase College Foundation'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 The Purchase College Foundation'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.

THE PURCHASE COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,197,197	\$ 2,302,556
Pledges receivable	353,759	505,791
Investments	99,199,165	94,019,152
Investments held for gift annuities	<u>-</u>	<u>1,422</u>
	<u>\$ 101,750,121</u>	<u>\$ 96,828,921</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 434,036	\$ 241,705
Deferred revenue	45,078	63,230
Due to Purchase College	89,063	23,337
Due to the Research Foundation for SUNY	60,116	31,005
Due to Purchase College Association (PCA)	248	258
Investments held for others (PCA and Friends)	11,297,855	10,980,278
Gift annuity payable	<u>3,900</u>	<u>5,975</u>
Total liabilities	<u>11,930,296</u>	<u>11,345,788</u>
NET ASSETS:		
Without donor restrictions	9,938,799	8,414,446
With donor restrictions	<u>79,881,026</u>	<u>77,068,687</u>
Total net assets	<u>89,819,825</u>	<u>85,483,133</u>
	<u>\$ 101,750,121</u>	<u>\$ 96,828,921</u>

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION

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	\$ 139,817	\$ 2,322,385	\$ 2,462,202	\$ 196,337	\$ 1,431,169	\$ 1,627,506
Contributed services and barter	580,988	-	580,988	839,450	-	839,450
Investment (loss) income, net	1,992,988	7,039,211	9,032,199	1,152,645	6,085,382	7,238,027
Other sources	282,314	-	282,314	265,840	-	265,840
Net assets released from restrictions	<u>6,549,257</u>	<u>(6,549,257)</u>	<u>-</u>	<u>5,269,278</u>	<u>(5,269,278)</u>	<u>-</u>
Total revenue and support	<u>9,545,364</u>	<u>2,812,339</u>	<u>12,357,703</u>	<u>7,723,550</u>	<u>2,247,273</u>	<u>9,970,823</u>
EXPENSES:						
Program expenses	4,243,615	-	4,243,615	2,970,993	-	2,970,993
Scholarships and fellowships	2,418,752	-	2,418,752	2,299,228	-	2,299,228
Management and general	566,527	-	566,527	623,814	-	623,814
Fundraising	<u>792,117</u>	<u>-</u>	<u>792,117</u>	<u>739,050</u>	<u>-</u>	<u>739,050</u>
Total expenses	<u>8,021,011</u>	<u>-</u>	<u>8,021,011</u>	<u>6,633,085</u>	<u>-</u>	<u>6,633,085</u>
CHANGE IN NET ASSETS	1,524,353	2,812,339	4,336,692	1,090,465	2,247,273	3,337,738
NET ASSETS - beginning of year	<u>8,414,446</u>	<u>77,068,687</u>	<u>85,483,133</u>	<u>7,323,981</u>	<u>74,821,414</u>	<u>82,145,395</u>
NET ASSETS- end of year	<u>\$ 9,938,799</u>	<u>\$ 79,881,026</u>	<u>\$ 89,819,825</u>	<u>\$ 8,414,446</u>	<u>\$ 77,068,687</u>	<u>\$ 85,483,133</u>

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>Campus Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>
Expenses:				
Salaries and wages	\$ 2,021,231	\$ -	\$ 340,816	\$ 2,362,047
Program activities and special events	1,204,572	-	1,599	1,206,171
Program equipment	200,369	-	-	200,369
Professional fees	189,882	274,987	380,101	844,970
Supplies and materials	504,383	85,324	19,151	608,858
Repairs, maintenance and improvements	38,556	159,179	-	197,735
Travel and lodging	86,928	1,938	15,430	104,296
Insurance	-	38,601	-	38,601
Printing and postage	-	-	27,680	27,680
Other expenses	<u>(2,306)</u>	<u>6,498</u>	<u>7,340</u>	<u>11,532</u>
Expenses before campus support	4,243,615	566,527	792,117	5,602,259
Campus support - scholarships and fellowships	<u>2,418,752</u>	<u>-</u>	<u>-</u>	<u>2,418,752</u>
Total expenses	<u>\$ 6,662,367</u>	<u>\$ 566,527</u>	<u>\$ 792,117</u>	<u>\$ 8,021,011</u>
	<u>Campus Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>
Expenses:				
Salaries and wages	\$ 1,100,504	\$ -	\$ -	\$ 1,100,504
Program activities and special events	1,055,104	-	8,915	1,064,019
Program equipment	115,525	-	-	115,525
Professional fees	357,652	328,472	659,474	1,345,598
Supplies and materials	203,492	77,949	32,228	313,669
Repairs, maintenance and improvements	87,582	159,179	-	246,761
Travel and lodging	50,285	5,658	10,734	66,677
Insurance	-	44,500	-	44,500
Printing and postage	-	-	16,599	16,599
Other expenses	<u>849</u>	<u>8,056</u>	<u>11,100</u>	<u>20,005</u>
Expenses before campus support	2,970,993	623,814	739,050	4,333,857
Campus support - scholarships and fellowships	<u>2,299,228</u>	<u>-</u>	<u>-</u>	<u>2,299,228</u>
Total expenses	<u>\$ 5,270,221</u>	<u>\$ 623,814</u>	<u>\$ 739,050</u>	<u>\$ 6,633,085</u>

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION

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	\$ 4,336,692	\$ 3,337,738
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Realized and unrealized gains on investments	(6,852,919)	(6,011,400)
Changes in:		
Pledges receivable	152,032	(7,821)
Prepaid expenses	-	14,012
Accounts payable and accrued expenses	192,331	88,827
Deferred revenue	(18,152)	(18,971)
Due to Friends of the Neuberger Museum of Art	-	(328,466)
Due to Purchase College	65,726	(151,799)
Due from/ to the Research Foundation for SUNY	29,111	972
Due to Purchase College Association (PCA)	(10)	258
Gift annuity payable	<u>(2,075)</u>	<u>(3,224)</u>
Net cash flow from operating activities	<u>(2,097,264)</u>	<u>(3,079,874)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(107,397,025)	(33,034,495)
Proceeds from sale of investments	<u>109,388,930</u>	<u>36,260,547</u>
Net cash flow from investing activities	<u>1,991,905</u>	<u>3,226,052</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(105,359)	146,178
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,302,556</u>	<u>2,156,378</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 2,197,197</u>	<u>\$ 2,302,556</u>

The accompanying notes are an integral part of these statements.

THE PURCHASE COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. ORGANIZATION

The Purchase College Foundation (PCF, 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.

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 Foundation 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.

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.

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, 2024 and 2023, 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, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Investments in hedge funds and private equity funds are considered to be recorded at net asset value (NAV). 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 6. 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.

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.

Deferred Revenue

Income for the Performing Arts Center (the Center or PAC) is deferred until the donor is able to use the Center on an annual basis and is reflected as deferred revenue in the statements of financial position.

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, 2024 and 2023 was \$580,988 and \$839,450, respectively (see Note 10).

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 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.

Advertising

The Foundation expenses advertising costs as incurred. Advertising costs primarily related to the Museum and were \$1,216 and \$54,393 for the years ended June 30, 2024 and 2023, 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, one hedge fund and money market funds are primarily valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.

The 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation 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.

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 2,197,197	\$ 2,302,556
Pledges receivable	353,759	505,791
Investments	<u>99,199,165</u>	<u>94,019,152</u>
Total financial assets	101,750,121	96,827,499
Less: those unavailable for general expenditures within one year due to:		
Board designated quasi-endowments	(6,382,572)	(6,419,891)
Restricted by donor with purpose or time restriction	<u>(79,881,026)</u>	<u>(77,068,687)</u>
Total financial assets available for general expenditure within one year	<u>\$ 15,486,523</u>	<u>\$ 13,338,921</u>

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 its cash needs.

4. PLEDGES RECEIVABLE

Pledges receivable at June 30, are as follows:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 351,450	\$ 372,950
One to five years	<u>2,500</u>	<u>143,951</u>
	353,950	516,901
Less: Discount to present value	<u>(191)</u>	<u>(11,110)</u>
	<u>\$ 353,759</u>	<u>\$ 505,791</u>

5. INVESTMENTS

The following are measured at fair value on a recurring basis at June 30, 2024 and 2023:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
June 30, 2024				
United States government obligations	\$ 3,268,641	\$ -	\$ -	\$ 3,268,641
Corporate bonds	-	13,693,924	-	13,693,924
Domestic equities	51,477,980	-	-	51,477,980
International equities	10,248,402	-	-	10,248,402
Cash and money market funds	7,706,617	-	-	7,706,617
Alternative investment	1,191,443	-	-	1,191,443
Investments at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,612,158</u>
Total investments	<u>\$ 73,893,083</u>	<u>\$ 13,693,924</u>	<u>\$ -</u>	<u>\$ 99,199,165</u>
June 30, 2023				
United States government obligations	\$ 2,775,615	\$ -	\$ -	\$ 2,775,615
Corporate bonds	-	5,664,098	-	5,664,098
Mutual funds - other	18,145,601	-	-	18,145,601
Domestic equities	29,033,753	-	-	29,033,753
International equities	19,973,926	-	-	19,973,926
Cash and money market funds	544,173	-	-	544,173
Investments at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,881,986</u>
Total investments	70,473,068	5,664,098	-	94,019,152
Gift annuities	<u>-</u>	<u>-</u>	<u>1,422</u>	<u>1,422</u>
	<u>\$ 70,473,068</u>	<u>\$ 5,664,098</u>	<u>\$ 1,422</u>	<u>\$ 94,020,574</u>

5. INVESTMENTS (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:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,422	\$ 10,343
Gain/loss on investment, net	<u>(1,422)</u>	<u>(8,921)</u>
	<u>\$ -</u>	<u>\$ 1,422</u>

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 2024 or 2023.

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.

Investments at net asset value consists of investments in hedge funds all structured as limited partnerships or LLCs each with its own unique fund strategy to diversify risks and reduce volatility. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the hedge fund managers fund administrators without adjustment. There are no unfunded commitments relating to these hedge funds at June 30, 2024 and 2023. There are four hedge funds that have been redeemed but all funds have not been received as of June 30, 2024. The final payments from these funds are expected to be received Investments at net asset value also consist of investments in private equity funds. For the years ended June 30, 2024 and 2023, the remaining unfunded commitments associated with these funds total \$1,995,902 and \$1,410,943. These funds are also structured as limited partnerships or LLCs each with its own unique fund strategy to diversify risks and reduce volatility. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the fund managers fund administrators without adjustment. The balances as of June 30th reflect valuations provided by the fund for the previous quarter-end adjusted by additional capital calls and expenses that occurred during the quarter. Three of these funds have a ten to twelve year term at which time they can be redeemed.

The specific redemption procedures of these funds are as follows:

	<u>Redemption</u>	<u>Notice Period</u>
Two hedge funds	Quarterly	60 days
One hedge fund	Monthly	30 days
One hedge fund	Quarterly	70 days
One hedge fund	Daily	2 days
Four hedge funds	N/A - in liquidation	N/A
Private equity fund	Quarterly	60-90 days before quarter end
Private equity fund	Quarterly	15-30 days before quarter end
Three private equity funds	N/A - closed funds	N/A

6. 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 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 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.

6. ENDOWMENT FUNDS (Continued)

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2022	\$ 6,329,033	\$ 71,025,136	\$ 77,354,169
Contributions and pledge collections	-	556,057	556,057
Appreciation	436,855	4,960,016	5,396,871
Investment income	99,602	1,125,371	1,224,973
Appropriation for expenditure	<u>(445,599)</u>	<u>(4,268,871)</u>	<u>(4,714,470)</u>
Balance, June 30, 2023	6,419,891	73,397,709	79,817,600
Contributions and pledge collections	-	929,248	929,248
Appreciation	474,311	5,458,612	5,932,923
Investment income	137,117	1,577,897	1,715,014
Appropriation for expenditure	<u>(648,747)</u>	<u>(5,328,670)</u>	<u>(5,977,417)</u>
Balance, June 30, 2024	<u>\$ 6,382,572</u>	<u>\$ 76,034,796</u>	<u>\$ 82,417,368</u>
Comprised of the following at:			
June 30, 2024			
Donor restricted funds	\$ -	\$ 76,034,796	\$ 76,034,796
Board designated funds	\$ 6,382,572	\$ -	\$ 6,382,572
June 30, 2023			
Donor restricted funds	\$ -	\$ 73,397,709	\$ 73,397,709
Board designated funds	\$ 6,419,891	\$ -	\$ 6,419,891

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

The Foundation holds investments on behalf of Friends of the Neuberger Museum of Art which includes endowments which are not reflected in the amounts shown above.

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Campus programs	\$ 30,557,718	\$ 29,829,541
Scholarships	26,572,796	25,650,329
Performing Arts Center	2,475,689	2,382,070
Neuberger Museum	<u>20,274,823</u>	<u>19,206,747</u>
	<u>\$ 79,881,026</u>	<u>\$ 77,068,687</u>

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

	<u>2024</u>	<u>2023</u>
Campus programs	\$ 2,996,958	\$ 2,604,384
Scholarships	1,999,094	1,024,944
Performing Arts Center	162,592	146,006
Neuberger Museum	<u>1,390,613</u>	<u>1,493,944</u>
	<u>\$ 6,549,257</u>	<u>\$ 5,269,278</u>

The portion of the endowed net assets with donor restrictions is \$76,034,796 and \$73,397,709 as of June 30, 2024 and 2023, respectively. The amount the Foundation is required to maintain in perpetuity for these endowments is \$43,789,438 and \$42,856,672 as of June 30, 2024 and 2023, respectively.

8. 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.

9. TRANSACTIONS WITH AFFILIATES

As described in Note 1, the mission of the College Foundation is to secure and manage private support for the benefit 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. All loans to and from affiliates are considered short term in nature and are unsecured and non-interest bearing.

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

Friends of Neuberger Museum of Art (Friends) - During the year ended June 30, 2021, Friends transferred their investment holdings into a pooled account that is held by the Foundation. The balance as of June 30, 2024 and 2023 represents the share of investments held by the Foundation on behalf of the Friends' which is allocated in accordance with investment and endowment policies. As of June 30, 2024 and 2023, the investments held on behalf of Friends amounted to \$8,888,133 and \$8,755,817, respectively.

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, 2024 and 2023, the amount of investments held by the Foundation and due to PCA amounted to \$2,409,722 and \$2,224,461, respectively.

Purchase College – The Foundation typically reimburses the College for certain personnel costs related to the running of the PAC facility and Neuberger Museum of Art as well as other expenses paid on their behalf by the college. The balance due to Purchase College amounted to \$89,063 and \$23,337, respectively, as of June 30, 2024 and 2023.

10. CONTRIBUTED NONFINANCIAL ASSETS

The Foundation 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	\$ 286,161	\$ 676,571
Program supplies	135,648	3,700
Space	<u>159,179</u>	<u>159,179</u>
	<u>\$ 580,988</u>	<u>\$ 839,450</u>

Contributed services recognized comprise administrative, accounting and finance, and development time. These services are valued and reported at the estimated fair value in the financial statements based on current fair market rates or similar services or established contract hourly rates.

Contributed program supplies consist of donations of equipment and other supplies used by various campus programs. These contributions are valued using appraisal reports or based on current fair market rates for similar items.

10. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

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

11. SUBSEQUENT EVENTS

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