

**FRIENDS OF THE NEUBERGER MUSEUM OF ART, INC.**

**Financial Statements as of  
June 30, 2025 and 2024  
Together with  
Independent Auditor's Report**

## **INDEPENDENT AUDITOR'S REPORT**

September 9, 2025

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, 2025 and 2024, 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, 2025 and 2024, 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 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 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.

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## **INDEPENDENT AUDITOR'S REPORT**

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### **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 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, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash	\$ 1,369,633	\$ 1,830,695
Pledges receivable	62,500	9,055
Investments held by Purchase College Foundation	<u>9,462,974</u>	<u>8,888,133</u>
	<u>\$ 10,895,107</u>	<u>\$ 10,727,883</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Due to Purchase College	\$ 70,576	\$ 51,331
Due to Purchase College Foundation	92	-
Accrued expenses and other liabilities	<u>33,829</u>	<u>20,035</u>
Total liabilities	<u>104,497</u>	<u>71,366</u>
<b>NET ASSETS:</b>		
Without donor restrictions	515,506	649,601
With donor restrictions	<u>10,275,104</u>	<u>10,006,916</u>
Total net assets	<u>10,790,610</u>	<u>10,656,517</u>
	<u>\$ 10,895,107</u>	<u>\$ 10,727,883</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, 2025 AND 2024

	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions, gifts and grants	178,884	\$ 212,320	\$ 391,204	\$ 171,189	\$ 101,137	\$ 272,326
Contributed nonfinancial assets	126,806	-	126,806	75,346	-	75,346
Membership dues	8,500	-	8,500	5,130	-	5,130
Investment income, net	-	896,509	896,509	-	873,904	873,904
Other interest income	42,674	-	42,674	62,235	-	62,235
Special events	-	-	-	105,875	-	105,875
Other sources	-	-	-	15,649	-	15,649
Net assets released from restrictions	840,641	(840,641)	-	946,960	(946,960)	-
Total revenue	1,197,505	268,188	1,465,693	1,382,384	28,081	1,410,465
EXPENSES:						
Program services	807,396	-	807,396	802,537	-	802,537
Supporting services						
Management and general	285,010	-	285,010	266,148	-	266,148
Fundraising	239,194	-	239,194	284,848	-	284,848
Total supporting services	524,204	-	524,204	550,996	-	550,996
Total expenses	1,331,600	-	1,331,600	1,353,533	-	1,353,533
CHANGE IN NET ASSETS BEFORE CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED	(134,095)	268,188	134,093	28,851	28,081	56,932
CHANGES RELATED TO COLLECTION ITEMS NOT CAPITALIZED						
Collection items purchased	-	-	-	-	(32,674)	(32,674)
CHANGE IN NET ASSETS	(134,095)	268,188	134,093	28,851	(4,593)	24,258
NET ASSETS - beginning of year	649,601	10,006,916	10,656,517	620,750	10,011,509	10,632,259
NET ASSETS - end of year	\$ 515,506	\$ 10,275,104	\$ 10,790,610	\$ 649,601	\$ 10,006,916	\$ 10,656,517

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, 2025 AND 2024

	Program Services	Management and General	Fundraising	2025 Total
Expenses:				
Salaries and wages	\$ 191,640	\$ 124,239	\$ 219,909	\$ 535,788
Program activities and special events	357,430	-	18,785	376,215
Professional fees	60,000	158,487	-	218,487
Repairs and maintenance	157,460	-	-	157,460
Advertising	21,178	-	-	21,178
Other expenses	8,461	-	-	8,461
Supplies and materials	7,061	2,284	-	9,345
Insurance	4,166	-	-	4,166
Printing and postage	-	-	500	500
Total expenses	<u>\$ 807,396</u>	<u>\$ 285,010</u>	<u>\$ 239,194</u>	<u>\$ 1,331,600</u>

	Program Services	Management and General	Fundraising	2024 Total
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 and 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
Total expenses	835,211	266,148	284,848	1,386,207
Less collection item purchase	<u>(32,674)</u>	<u>-</u>	<u>-</u>	<u>(32,674)</u>
	<u>\$ 802,537</u>	<u>\$ 266,148</u>	<u>\$ 284,848</u>	<u>\$ 1,353,533</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, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 134,093	\$ 24,258
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net gain on investments	(691,322)	(677,740)
Changes in:		
Due to/ from Purchase College Foundation	92	-
Due to/ from Purchase College	19,245	4,305
Accounts receivable	-	16,926
Pledges receivable	(53,445)	135,175
Accrued expenses and other liabilities	13,794	10,799
Deferred revenue	<u>-</u>	<u>(1,500)</u>
Net cash flow from operating activities	<u>(577,543)</u>	<u>(487,777)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	321,668	741,588
Purchase of investments	<u>(205,187)</u>	<u>(196,164)</u>
Net cash flow from investing activities	<u>116,481</u>	<u>545,424</u>
CHANGE IN CASH	(461,062)	57,647
CASH - beginning of year	<u>1,830,695</u>	<u>1,773,048</u>
CASH - end of year	<u>\$ 1,369,633</u>	<u>\$ 1,830,695</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, 2025 AND 2024**

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### **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.

#### **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 demand 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, 2025 and 2024, discount on pledges receivable was \$0 and \$945, respectively, using a rate of 4%. As of June 30, 2025 the outstanding pledge balance of \$5,000 is due between 2025 and 2026. The June 30, 2024 pledge receivable was collected during the year ended June 30, 2025.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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, 2025 and 2024 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 establishes 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 Friends' 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 they are not categorized within the fair value hierarchy as of June 30, 2025 and 2024.

### **Collections**

The Friends' collection of art is comprised of over 1,500 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 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. No new work was purchased in the year ended June 30, 2025. During the year ended June 30, 2024, new work was purchased for \$32,674 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 \$21,000 and \$18,000 for the years ended June 30, 2025 and 2024, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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 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 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.

## 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>2025</u>	<u>2024</u>
Financial assets:		
Cash	\$ 1,369,633	\$ 1,830,695
Pledge receivable	62,500	9,055
Investments held by Purchase College Foundation	<u>9,462,974</u>	<u>8,888,133</u>
Total financial assets	10,895,107	10,727,883
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(10,275,104)</u>	<u>(10,006,916)</u>
Total financial assets available to meet cash needs		
for general expenditures in one year	<u>\$ 620,003</u>	<u>\$ 720,967</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 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>2025</u>	<u>2024</u>
Pooled investments held by PCF	<u>\$ 9,462,974</u>	<u>\$ 8,888,133</u>

The pooled investments held by PCF consist of approximately 61% equities, 23% fixed income funds, 12% alternative investments, and 4% 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. Alternative investments consist of investments in different hedge funds and private equity funds each with its own unique fund strategy. There is \$1,518,039 of unfunded commitments relating to these funds at June 30, 2025. At June 30, 2024, there was unfunded commitments of \$1,995,902 related to these funds. 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.

As of June 30, 2025 and 2024, the pooled investments held by PCF are considered to be valued at NAV. The pooled investments consist of endowment funds, (see Note 8) as well as other restricted funds. The investment income is allocated to each of these funds (endowed and non-endowed) in accordance with the PCF investment and endowment policy.

#### 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, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Services	\$ 124,239	\$ 72,779
Space	<u>2,567</u>	<u>2,567</u>
	<u>\$ 126,806</u>	<u>\$ 75,346</u>

Contributed services recognized comprise docent 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>2025</u>	<u>2024</u>
Educational and public programs	\$ 3,212,422	\$ 3,148,271
Exhibitions/Acquisitions	3,430,845	3,383,143
General operations	<u>3,631,837</u>	<u>3,475,502</u>
	<u>\$10,275,104</u>	<u>\$10,006,916</u>

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

	<u>2025</u>	<u>2024</u>
Educational and public programs	\$ 309,658	\$ 327,049
General operations	256,261	301,935
Exhibitions/Acquisitions	<u>274,722</u>	<u>350,650</u>
	<u>\$ 840,641</u>	<u>\$ 979,634</u>

## 7. SPECIAL EVENTS

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

	<u>2025</u>	<u>2024</u>
Special event revenue	\$ -	\$ 125,755
Costs of direct benefits to donors	<u>-</u>	<u>(19,880)</u>
	<u>\$ -</u>	<u>\$ 105,875</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 fair 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.

## 8. 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 PCF 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 donor restricted endowment funds for the years ended June 30:

	<u>With Donor Restrictions</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	\$ 7,021,548
Capital appreciation	517,295
Contributions and pledge collections	29,937
Investment income, net	35,192
Appropriation for expenditure	<u>(311,121)</u>
Balance, June 30, 2025	<u><u>\$ 7,292,851</u></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 9, 2025, which is the date the financial statements were available to be issued.