

Farmingdale College Foundation
(A Not-for-Profit Organization)
Financial Statements
Years ended June 30, 2023 and 2022

Farmingdale College Foundation
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Report of Independent Auditors

The Board of Directors
Farmingdale College Foundation
New York, NY

Opinion

We have audited the accompanying financial statements of Farmingdale College Foundation, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Farmingdale College Foundation, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Farmingdale College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Farmingdale College Foundation's ability to continue as a going concern within one years 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 controls. Misstatements, including omissions, 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 Farmingdale 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 Farmingdale 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.

Lehman Flynn Vollaro CPAs PLLC

Melville, NY
August 16, 2023

Farmingdale College Foundation
Statements of Financial Position
June 30,

	2023	2022
Assets		
Cash and cash equivalents	\$ 2,350,873	\$ 2,075,231
Promises to give	1,628,867	22,318
Accounts receivable	16,140	8,675
Prepaid expenses	69,526	64,270
Endowments	6,241,373	4,867,110
Other restricted investments	3,781,791	3,503,695
Property and equipment, net of accumulated depreciation of \$1,213,359 and \$1,209,691; respectively	9,722	13,390
Total assets	\$ 14,098,292	\$ 10,554,689
 Liabilities and net assets		
Accounts payable and accrued expenses	\$ 26,749	\$ 23,237
Total liabilities	26,749	23,237
 Net assets		
Without donor restrictions	1,304,243	861,030
With donor restrictions	12,767,300	9,670,422
Total net assets	14,071,543	10,531,452
Total liabilities and net assets	\$ 14,098,292	\$ 10,554,689

See notes to financial statements

Farmingdale College Foundation
Statements of Activities
Years Ended June 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains						
Special functions						
Golf outing	\$ 117,494	\$ -	\$ 117,494	\$ 116,710	\$ -	\$ 116,710
Fall gala	166,263	-	166,263	159,983	-	159,983
Contributions						
Scholarships	350	3,458,948	3,459,298	7,000	758,926	765,926
General	426,286	882,399	1,308,685	72,614	1,596,981	1,669,595
In-kind	5,609	79,679	85,288	117,012	76,334	193,346
Other						
Investment (loss) income; net of fees	53,572	753,111	806,683	(36,144)	(1,338,009)	(1,374,153)
Net assets released from restricted funds	769,574	5,174,137	5,943,711	437,175	1,094,232	1,531,407
Reallocation of restricted funds						
by donor	\$ 8,711	\$ (8,711)	\$ -	\$ 8,813	\$ (8,813)	\$ -
Satisfaction of program						
restrictions and direct costs						
of special functions	2,068,548	(2,068,548)	-	707,996	(707,996)	-
Total revenue, support and gains	2,846,833	3,096,878	5,943,711	1,153,984	377,423	1,531,407
Expenses						
Fundraising	\$ 111,515	\$ -	\$ 111,515	\$ 106,472	\$ -	\$ 106,472
Campus programs	1,346,951	-	1,346,951	134,052	-	134,052
Management and general	219,615	-	219,615	308,812	-	308,812
Scholarships and awards	725,539	-	725,539	596,860	-	596,860
Total expenses	2,403,620	-	2,403,620	1,146,196	-	1,146,196
Change in net assets	443,213	3,096,878	3,540,091	7,788	377,423	385,211
Net assets, beginning of year	861,030	9,670,422	10,531,452	853,242	9,292,999	10,146,241
Net assets, end of year	\$ 1,304,243	\$ 12,767,300	\$ 14,071,543	\$ 861,030	\$ 9,670,422	\$ 10,531,452

See notes to financial statements

Farmingdale College Foundation
 Statement of Functional Expenses
 Year Ended June 30, 2023

	Fundraising	Campus Programs	Management and General	Scholarships and Awards	Total
Consultants	\$ -	\$ -	\$ 26,000	\$ -	\$ 26,000
Community relations	-	-	11,552	-	11,552
Depreciation	-	900	2,768	-	3,668
Activity and program support	-	1,346,051	-	-	1,346,051
Dues and subscriptions	-	-	1,620	-	1,620
Database	-	-	70,238	-	70,238
Food and catering	69,463	-	-	-	69,463
Scholarships and awards	-	-	-	725,539	725,539
Professional fees	-	-	23,200	-	23,200
In-Kind	-	-	5,609	-	5,609
Insurance	-	-	5,758	-	5,758
Meetings	-	-	18,960	-	18,960
Miscellaneous	27,344	-	13,368	-	40,712
Stationary, printing and postage	14,708	-	4,842	-	19,550
Administrative fee	-	-	35,700	-	35,700
Total expenses	\$ 111,515	\$ 1,346,951	\$ 219,615	\$ 725,539	\$ 2,403,620

See notes to financial statements

Farmingdale College Foundation
Statement of Functional Expenses
Year Ended June 30, 2022

	Fundraising	Campus Programs	Management and General	Scholarships and Awards	Total
Consultants	\$ -	\$ -	\$ 26,000	\$ -	\$ 26,000
Community relations	-	-	4,276	-	4,276
Depreciation	-	3,280	1,383	-	4,663
Activity and program support	-	130,772	-	-	130,772
Dues and subscriptions	-	-	2,467	-	2,467
Database	-	-	72,801	-	72,801
Food and catering	64,791	-	-	-	64,791
Scholarships and awards	-	-	-	596,860	596,860
Professional fees	-	-	27,728	-	27,728
In-Kind	-	-	117,012	-	117,012
Insurance	176	-	3,638	-	3,814
Meetings	-	-	9,946	-	9,946
Miscellaneous	27,867	-	7,988	-	35,855
Stationary, printing and postage	13,638	-	5,573	-	19,211
Administrative fee	-	-	30,000	-	30,000
Total expenses	\$ 106,472	\$ 134,052	\$ 308,812	\$ 596,860	\$ 1,146,196

See notes to financial statements

Farmingdale College Foundation
Statements of Cash Flows
Years ended June 30,

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 3,540,091	\$ 385,211
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Net realized and unrealized (gains)/losses on investments	(594,302)	1,720,161
Depreciation	3,668	4,663
Amortization of discount on promises to give	(213,451)	(671)
Restricted contributions	(1,359)	-
In-kind donations	(85,288)	(193,346)
Changes in operating assets and liabilities		
Promises to give	(1,393,098)	-
Accounts receivable, net	(7,465)	85
Prepaid expenses	(5,256)	(57,216)
Deferred revenue	-	7,500
Accounts payable and accrued expenses	3,512	6,912
Net cash from (used for) operating activities	1,247,052	1,873,299
Cash flows from investing activities		
Proceeds from sales of investments	54,799	26,350
Purchases of investments	(1,027,568)	(871,124)
Net cash from (used for) investing activities	(972,769)	(844,774)
Cash flows from financing activities		
Restricted contributions	1,359	-
Net cash from (used for) financing activities	1,359	-
Net change in cash and cash equivalents	275,642	1,028,525
Cash and cash equivalents, beginning of year	2,075,231	1,046,706
Cash and cash equivalents, end of year	\$ 2,350,873	\$ 2,075,231
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ -	\$ -
Unrelated business income taxes	-	-
	\$ -	\$ -

See notes to financial statements

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Farmingdale College Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Principal activity and significant accounting policies

Organization

The Farmingdale College Foundation (the Foundation) was founded in 1969 as a not-for-profit corporation established under the laws of the State of New York. The general purpose of the Foundation is to assist in advancing the welfare and development of Farmingdale State College through gifts, grants and bequests of money and property that provide financial assistance to college faculty, students, staff and programs in a manner consistent with the educational policies of the State University of New York.

Financial statements presentation

The financial statements are prepared in a format prescribed by State University of New York, which generally complies with Financial Statements for Not-for-Profit Organizations of the FASB Accounting Standards Codification.

Comparative financial information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of accounting

The Foundation maintains its books and records on the accrual basis of accounting.

Cash and cash equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and credit policies

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2023 and 2022, there were no allowance for doubtful accounts.

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023 and 20X2, there was no allowance.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities.

Property and equipment

We record property and equipment additions over at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated services and in-kind contributions

The Foundation receives contributed services from college employees to carry out its activities. The fair value of the contributed services cannot be reasonably estimated. Accordingly, the value of these services is not recognized as revenue or included in expenses on the financial statements.

The Foundation receives the use of facilities at no cost from the College to carry out its activities. The fair value of these donated facilities cannot be reasonably estimated. Accordingly, the value of these facilities is not recognized as revenue or included in expenses on the financial statements.

During prior years, the Foundation received donated equipment. In accordance with SUNY guidelines, the Foundation retains title to the equipment and allows designated school programs to use the equipment for student educational purposes. The equipment was recorded at fair market value and is being ratably amortized over a five year period. Since the amortization relates to student educational services, it is being recognized as a program expense over the useful life of the equipment.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

Farmingdale College Foundation is organized as a New York nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and has been determined not to be private foundations under IRC Sections 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. We have determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. We believe we have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Concentration of credit and market risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Financial Statement Presentation

To improve information presented in a not-for-profit entity's financial statements and to provide more useful information to users of those statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard includes qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows.

Subsequent events

We have evaluated subsequent events through August 16, 2023, the date the financial statements were available to be issued.

Farmingdale College Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Note 2 - Liquidity and availability

We regularly monitor the availability of resources required to meet our operating needs and other contractual commitments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following:

Cash and cash equivalents	\$ 2,350,873
Accounts receivable	16,140
	<u>\$ 2,367,013</u>

The Foundation has many donor-restricted endowments established to support operations at the College as well as provide funds for student scholarships. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting standards, net assets associated with endowment funds, and restricted funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 3 - Promises to give

Unconditional promises to give are estimated to be collected as follows at June 30:

	<u>2023</u>	<u>2022</u>
Within one year	\$ -	\$ -
In one to five years	1,845,000	25,000
Over five years	<u>-</u>	<u>-</u>
	1,845,000	25,000
Less discount to net present value at 5%	(216,133)	(2,682)
Less allowance for uncollectable promises to give	<u>-</u>	<u>-</u>
	<u>\$1,628,867</u>	<u>\$ 22,318</u>

Farmingdale College Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Note 4 - Fair value measurements and disclosures

We report certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Farmingdale College Foundation
Notes to Financial Statements
June 30, 2023 and 2022

The fair value of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

Assets	Fair value measurements at report date using			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
<u>June 30, 2023</u>				
Equity mutual funds*	\$ 6,066,781	\$ 6,066,781	\$ -	\$ -
Fixed income mutual funds**	3,956,383	3,956,383	-	-
	\$ 10,023,164	\$ 10,023,164	\$ -	\$ -

* Amount includes international funds in the amount of \$2,388,883

** Amount includes international funds in the amount of \$1,188,810

<u>June 30, 2022</u>				
Equity mutual funds*	\$ 4,826,329	\$ 4,826,329	\$ -	\$ -
Fixed income mutual funds**	3,544,476	3,544,476	-	-
	\$ 8,370,805	\$ 8,370,805	\$ -	\$ -

* Amount includes international funds in the amount of \$1,928,356

** Amount includes international funds in the amount of \$1,066,658

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

Note 5 - Property and equipment

	2023	2022
Equipment	\$ 975,405	\$ 975,405
Security system	207,542	207,542
Furniture and fixtures	40,134	40,134
	<u>1,223,081</u>	<u>1,223,081</u>
Less accumulated depreciation	<u>(1,213,359)</u>	<u>(1,209,691)</u>
	<u>\$ 9,722</u>	<u>\$ 13,390</u>

Note 6 - Endowment

Interpretation of the relevant law:

The Foundation's Board of Directors has interpreted the New York's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources to the Foundation
- (7) The investment policies of the Foundation

Spending formula

The Foundation's investments are managed to achieve the maximum total return within tolerable risk levels. The Foundation has a policy, whereby, a portion of the investment income and realized and unrealized investment gains/losses are distributed each year for spending purposes.

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

Endowment investment policy

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of returns that can be utilized to fund its programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds.

Under this policy, as approved by the investment committee, the endowment assets are invested in a manner that is intended to achieve investment returns that are competitive versus pools of assets of similar nature and circumstances.

As of June 30, 2023 and 2022, all of the Foundations endowments comprised of scholarships in the amounts of \$6,241,378 and \$4,867,115 respectively.

Changes in endowment assets for the years ended June 30, 2023 and 2022 are as follows:

Balance, June 30, 2021	\$ 4,386,391
Gifts and other fund additions	1,654,426
Reclassifications	-
Net investment gain (loss)	<u>(1,173,702)</u>
Balance, June 30, 2022	4,867,115
Gifts and other fund additions	866,268
Reclassifications	35,000
Net investment gain (loss)	<u>472,995</u>
Balance, June 30, 2023	<u>\$ 6,241,378</u>

Farmingdale College Foundation

Notes to Financial Statements

June 30, 2023 and 2022

Note 7 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 2,163,481	\$ 1,763,129
Horticultural program	593,302	509,849
Other programs and awards	3,769,139	2,530,329
	<u>6,525,922</u>	<u>4,803,307</u>
Subject to endowment spending policy and appropriation		
Scholarships	6,241,378	4,867,115
Total net assets with donor restrictions	<u>\$ 12,767,300</u>	<u>\$ 9,670,422</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions		
Scholarships	\$ 713,039	\$ 557,594
Horticultural programs	22,267	11,274
Other programs and awards	1,333,242	139,128
	<u>\$ 2,068,548</u>	<u>\$ 707,996</u>

Note 8 - Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 9 - Related party transactions

The Foundation pays the Auxiliary Service Corporation (ASC) administrative fees in exchange for providing certain back office administrative services. For the Years ended June 30, 2023 and 2022, the Foundation paid to ASC \$35,700 and \$30,000, respectively. As of June 30, 2023 and 2022, the Foundation's accounts payable did not include accounts payable to this related party.