

Farmingdale College Foundation

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Farmingdale College Foundation

We have audited the accompanying financial statements of Farmingdale College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Farmingdale College Foundation as of June 30, 2016, were audited by other auditors whose audit report dated October 7, 2016, expressed an unmodified opinion on these statements.

Lehman Flynn Vollaro

Melville, New York
September 1, 2017

Farmingdale College Foundation

STATEMENT OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,213,858	\$ 1,253,294
Accounts receivable	10,326	2,500
Prepaid expenses	-	500
Total current assets	<u>1,224,184</u>	<u>1,256,294</u>
Other assets:		
Investments:		
Temporarily restricted investments	2,136,572	1,939,279
Permanently restricted investments	<u>2,563,385</u>	<u>2,366,640</u>
Total investments	4,699,957	4,305,919
Equipment on loan to college, net of accumulated depreciation of \$1,171,856 for 2017 and \$1,148,675 for 2016	<u>28,386</u>	<u>36,772</u>
Total assets	<u>\$ 5,952,527</u>	<u>\$ 5,598,985</u>

The accompany notes are an integral
part of these financial statements

Farmingdale College Foundation

STATEMENT OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,413	\$ 28,007
Total current liabilities	18,413	28,007
Long-term liabilities:		
Post-employment health benefits	-	81,324
Total liabilities	18,413	109,331
Net assets:		
Unrestricted net assets	469,318	311,716
Temporarily restricted net assets	2,835,280	2,753,142
Permanently restricted net assets	2,629,516	2,424,796
Total net assets	5,934,114	5,489,654
Total liabilities and net assets	<u>\$ 5,952,527</u>	<u>\$ 5,598,985</u>

The accompany notes are an integral
part of these financial statements

Farmingdale College Foundation

STATEMENTS OF ACTIVITIES

For the Years ended June 30, 2017 and 2016

	2017				2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets:								
Revenue and other support:								
Special functions:								
Golf outing	\$ 79,124	\$ -	\$ -	\$ 79,124	\$ 188,070	\$ -	\$ -	\$ 188,070
Garden party	-	-	-	-	-	53,515	-	53,515
Fall Gala	181,400	-	-	181,400	185,750	-	-	185,750
Contributions:								
Gardens at Farmingdale	-	-	-	-	-	11,250	-	11,250
Scholarships	2,500	110,487	2,118	115,105	5,889	121,884	2,817	130,590
General	210,425	23,727	-	234,152	196,953	26,134	-	223,087
In-kind, equipment and supplies	53,774	-	-	53,774	-	-	-	-
Campaign for Farmingdale:								
Faculty/development and research	-	2,032	-	2,032	-	1,906	-	1,906
Tech support services/equipment	-	1,346	-	1,346	-	1,468	-	1,468
Campus beautification	-	1,287	-	1,287	-	1,365	-	1,365
Other:								
Business outreach services	83,817	-	-	83,817	78,294	-	-	78,294
Write off of post employment obligation	81,324	-	-	81,324	-	-	-	-
Investment income	1,901	100,797	-	102,698	1,723	105,889	-	107,612
Net realized and unrealized gains (losses) on investments	-	110,469	205,602	316,071	-	(25,986)	(17,822)	(43,808)
	<u>694,265</u>	<u>350,145</u>	<u>207,720</u>	<u>1,252,130</u>	<u>656,679</u>	<u>297,425</u>	<u>(15,005)</u>	<u>939,099</u>

The accompany notes are an integral
part of these financial statements

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Farmingdale College Foundation

STATEMENTS OF ACTIVITIES

For the Years ended June 30, 2017 and 2016

	2017				2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets released from restrictions:								
Reallocation of restricted funds by donor	\$ 39,974	\$ (36,974)	\$ (3,000)	\$ -	\$ 14,253	\$ (244,746)	\$ 230,493	\$ -
Satisfaction of program restrictions and direct costs of special functions	231,033	(231,033)	-	-	272,693	(272,693)	-	-
Total revenue and other support	965,272	82,138	204,720	1,252,130	943,625	(220,014)	215,488	939,099
Expenses:								
Fundraising	\$ 93,103	-	-	93,103	\$ 211,232	\$ -	\$ -	\$ 211,232
Campus programs	334,730	-	-	334,730	394,611	-	-	394,611
Management and general	152,242	-	-	152,242	190,712	-	-	190,712
Scholarships and awards	227,595	-	-	227,595	242,752	-	-	242,752
Total expenses	807,670	-	-	807,670	1,039,307	-	-	1,039,307
Change in net assets	157,602	82,138	204,720	444,460	(95,682)	(220,014)	215,488	(100,208)
Net assets, beginning of year	311,716	2,753,142	2,424,796	5,489,654	407,398	2,973,156	2,209,308	5,589,862
Net assets, end of year	<u>\$ 469,318</u>	<u>\$ 2,835,280</u>	<u>\$ 2,629,516</u>	<u>\$ 5,934,114</u>	<u>\$ 311,716</u>	<u>\$ 2,753,142</u>	<u>\$ 2,424,796</u>	<u>\$ 5,489,654</u>

The accompany notes are an integral part of these financial statements

Farmingdale College Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the Year ending June 30, 2017

	<u>Fundraising</u>				Management and General	Scholarships and Awards	Total
	<u>Special Events</u>	<u>Other Fundraising</u>	<u>Total Fundraising</u>	<u>Campus Programs</u>			
Consultants	\$ -	\$ -	\$ -	\$ -	\$ 16,200	\$ -	16,200
Community relations	-	-	-	-	3,850	-	3,850
Depreciation	-	-	-	23,181	-	-	23,181
Activity and program support	-	-	-	243,684	-	-	243,684
Dues and subscriptions	-	-	-	-	620	-	620
Food and catering	69,770	-	69,770	-	-	-	69,770
Scholarships and awards	-	-	-	-	-	227,595	227,595
Horticulture internship payroll and related labor	-	-	-	43,879	-	-	43,879
Payroll and related labor	-	-	-	-	39,434	-	39,434
Professional fees	-	-	-	-	17,582	-	17,582
Investment fees	-	-	-	-	17,850	-	17,850
Insurance	-	-	-	-	5,131	-	5,131
Meetings	-	-	-	-	5,475	-	5,475
Miscellaneous	15,526	-	15,526	-	2,917	-	18,443
Stationery, printing and postage	6,691	-	6,691	-	3,183	-	9,874
Business outreach services	-	-	-	23,986	-	-	23,986
Other costs	1,116	-	1,116	-	40,000	-	41,116
Total	<u>\$ 93,103</u>	<u>\$ -</u>	<u>\$ 93,103</u>	<u>\$334,730</u>	<u>\$ 152,242</u>	<u>\$ 227,595</u>	<u>\$ 807,670</u>

The accompany notes are an integral
part of these financial statements

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Farmingdale College Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the Year ending June 30, 2016

	<u>Fundraising</u>				<u>Management and General</u>	<u>Scholarships and Awards</u>	<u>Total</u>
	<u>Special Events</u>	<u>Other Fundraising</u>	<u>Total Fundraising</u>	<u>Campus Programs</u>			
Consultants	\$ -	\$ -	\$ -	\$ -	\$ 14,062	\$ -	\$ 14,062
Community relations	-	-	-	-	17,204	-	17,204
Depreciation	-	-	-	46,607	-	-	46,607
Activity and program support	-	-	-	277,089	-	-	277,089
Food and catering	132,269	-	132,269	-	-	-	132,269
Scholarships and awards	-	-	-	-	-	242,752	242,752
Horticulture internship payroll and related labor	-	-	-	45,460	-	-	45,460
Payroll and related labor	-	52,129	52,129	-	62,430	-	114,559
Professional fees	-	-	-	-	61,092	-	61,092
Investment fees	-	-	-	-	19,639	-	19,639
Insurance	-	-	-	-	4,955	-	4,955
Meetings	-	-	-	-	2,076	-	2,076
Miscellaneous	1,104	-	1,104	-	6,021	-	7,125
Stationery, printing and postage	13,241	-	13,241	-	3,233	-	16,474
Business outreach services	-	-	-	25,455	-	-	25,455
Other costs	12,489	-	12,489	-	-	-	12,489
Total	<u>\$ 159,103</u>	<u>\$ 52,129</u>	<u>\$ 211,232</u>	<u>\$394,611</u>	<u>\$ 190,712</u>	<u>\$ 242,752</u>	<u>\$ 1,039,307</u>

The accompany notes are an integral
part of these financial statements

Farmingdale College Foundation

STATEMENT OF CASH FLOWS

For the Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	444,460	\$ (100,208)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gains)/losses on investments	(316,071)	43,808
Depreciation	23,181	46,607
Post-employment health benefits	(81,324)	-
Restricted contributions	(2,118)	(2,817)
In-kind donations of equipment	(14,795)	-
Change in net assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(7,826)	5,650
Prepaid expenses	500	9,680
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,594)	4,189
Deferred revenue	-	(76,125)
Net cash provided by (used in) operating activities	<u>36,413</u>	<u>(69,216)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	2,222,490	3,560,839
Purchases of investments	(2,300,457)	(2,894,494)
Net cash (used in) provided by investing activities	<u>(77,967)</u>	<u>666,345</u>
Cash flows from financing activities:		
Restricted contributions	<u>2,118</u>	<u>2,817</u>
Net cash provided by financing activities	<u>2,118</u>	<u>2,817</u>
Change in cash and cash equivalents	(39,436)	599,946
Cash and cash equivalents, beginning of year	<u>1,253,294</u>	<u>653,348</u>
Cash and cash equivalents, end of year	<u>\$ 1,213,858</u>	<u>\$ 1,253,294</u>

The accompany notes are an integral
part of these financial statements

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

1. Background and summary of significant accounting policies:

Background: 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.

Basis of accounting: The Foundation maintains its books and records on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Gifts and support: The Foundation reports gifts of cash and other assets as either unrestricted, temporarily restricted or permanently restricted net assets.

Accounts receivable and allowance for doubtful accounts: Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables and unconditional promises to give. There were no allowances for doubtful accounts for the years ended June 30, 2017 and 2016.

Net assets: As required by the Financial Statements for Not-for-Profit Organizations topic of the FASB Accounting Standards Codification, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets, as follows:

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

1. Background and summary of significant accounting policies (continued):

Net assets (continued):

Unrestricted net assets: May be used at the discretion of the Foundation's Board of Directors and have not been restricted by an outside donor or by law. Restricted funds whose restrictions are met in the same reporting period are reported as unrestricted support.

Temporarily restricted net assets: May be used in accordance with donor directives and restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Temporarily restricted net assets consist of the following for the year ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Scholarships	\$618,473	\$946,691
Horticulture program	297,666	336,853
Other programs and awards	<u>1,919,141</u>	<u>1,469,598</u>
Total Temporarily Restricted Net Assets	<u>\$2,835,280</u>	<u>\$2,753,142</u>

Permanently restricted net assets: Permanently restricted net assets are those resulting from contributions whose use by the Foundation is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Board of Directors. Presently, the Foundation's permanently restricted net assets are comprised of endowed funds, the income from which is to be used to provide scholarships.

Permanently restricted net assets consist of the following for the year ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Scholarships	<u>\$2,629,516</u>	<u>\$2,424,796</u>

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

1. Background and summary of significant accounting policies (continued):

Donated services: 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.

Donated facilities: 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.

Cash and cash equivalents: Cash and cash equivalents represents cash held in banks, money market accounts held by investment brokers and short-term investments. The Foundation considers all short-term investments with maturity of three months or less to be cash equivalents.

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.

Expenses: Expenses are allocated into functional categories depending upon the ultimate purpose of the expenditure.

Property and equipment: Property and equipment are recorded at cost or current fair value for donated items. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Endowments: 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 endowments funds, and permanently restricted funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

1. Background and summary of significant accounting policies (continued):

Income taxes: The Foundation is exempt from income taxation under Internal Revenue Code (IRC) Section 501(c)(3) and is subject to federal and state tax on net unrelated business income.

The Foundation has not taken an unsubstantiated tax position that would require provision of a liability under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly FIN Interpretation No. 48), "Accounting for Uncertainty in Income Taxes". Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Foundation does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Foundation has filed Internal Revenue Service Form 990, as required, and all other applicable returns in jurisdictions when it is required. The Foundation's information returns are subject to review by the appropriate authorities for a period of three years from the date of filing. Currently, the returns for the years ending June 30, 2014 and subsequent are subject to review. For the year ended June 30, 2017, there were no interest or penalties recorded or included in the financial statements.

Subsequent events: Subsequent events have been evaluated through September 1, 2017, which is the date the financial statements were available to be issued.

2. Equipment on loan to College:

During 2017 and 2016, the Foundation received donated equipment in the amount of \$14,795 and \$0, respectively. 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.

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

3. Investments and fair value measurements:

The Foundation invests some of its funds in interest bearing certificates of deposit and other investment types. At June 30, 2017 and 2016, \$6,138 and \$6,117, respectively, was deposited in an 18 month certificate of deposit and, during the year earned \$21 and \$16, respectively. The other investments amounting to \$4,693,819 and \$4,299,802 earned \$100,797 and \$105,889 in interest and dividends during the year ending June 30, 2017 and 2016.

The fair value of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

<u>June 30, 2017</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Level 1(a)</u>	<u>Level 2(b)</u>	<u>Level 3(c)</u>
Certificates of deposit	\$ 6,138	\$ 6,138	\$ -	\$ -
Money market funds	448,825	448,825	-	-
Equity mutual funds*	2,451,574	2,451,574	-	-
Fixed income mutual funds	708,133	708,133	-	-
U.S. Treasury obligations	556,225	-	556,225	-
U.S. Government agencies	129,646	-	129,646	-
Corporate and foreign bonds**	399,416	-	399,416	-
Total	<u>\$ 4,699,957</u>	<u>\$ 3,614,670</u>	<u>\$ 1,085,287</u>	<u>\$ -</u>

* Amount includes international equities in the amount of \$738,738

** Amount includes international debt in the amount of \$85,579

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Level 1(a)</u>	<u>Level 2(b)</u>	<u>Level 3(c)</u>
Certificates of deposit	\$ 6,117	\$ 6,117	\$ -	\$ -
Cash/due to broker	(3,881)	(3,881)	-	-
Money market funds	45,730	45,730	-	-
Equity mutual funds *	2,373,054	2,373,054	-	-
Fixed income mutual funds	756,758	756,758	-	-
U.S. Treasury obligations	457,300	-	457,300	-
U.S. Government agencies	225,438	-	225,438	-
Corporate and foreign bonds **	445,403	-	445,403	-
Total	<u>\$4,305,919</u>	<u>\$3,177,778</u>	<u>\$1,128,141</u>	<u>\$ -</u>

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

3. Investments and fair value measurements (continued):

* Amount includes international equities in the amount of \$174,775

** Amount includes international debt in the amount of \$17,313

- (a) Quoted prices in active markets for identical assets
- (b) Significant other observable inputs
- (c) Significant unobservable inputs

The level in fair value hierarchy, within which a fair value measurement in its entirety falls, is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation's financial instruments consist primarily of cash, investments, accounts receivable and accounts payable and accrued expenses. The carrying values of the Foundation's financial instruments approximate fair value.

Realized and unrealized gains and (losses) included in net assets for the year ending June 30, 2017 and 2016 amounted to \$316,071 and \$(43,808), respectively.

4. Concentration of credit and market risk:

The Foundation's financial instruments consist of cash and accounts receivable. At June 30, 2017 and 2016, the Foundation had funds deposited with various local banking institutions. At June 30, 2017 and 2016, the amounts in excess of federally insured limits were \$735,325 and \$789,880, respectively. One of the institutions pledged securities as collateral for excess FDIC funds in the amount of \$339,337 and \$268,654, leaving \$16,483 and \$15,159 in excess of the federal insured limits in other institutions as of June 30, 2017 and 2016, respectively.

5. Post-employment health benefits:

The Foundation participates in the Auxiliary Service Corporation's Other Post-Employment Benefits Fund (OPEBF) for retired employees of the Foundation. The Foundation had accrued a liability of \$81,324 in prior years. The Foundation does not have any current or former employees subject to the plan and therefore wrote off the liability during the year ended June 30, 2017.

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

6. Endowments:

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.

Interpretation of the relevant law (continued): 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

6. Endowments (continued):

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.

Changes in temporarily and permanently restricted net assets: The following is a reconciliation of the activity in the temporarily and permanently restricted net assets for the year ended June 30, 2017 and 2016.

2017

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2016	\$2,753,142	\$2,424,796	\$5,177,938
Gifts and other fund additions	138,879	2,118	140,997
Investment income	100,797	-	100,797
Net investment gain (loss)	110,469	205,602	316,071
Reallocation of restricted funds by donor	(36,974)	(3,000)	(39,974)
Net assets released from restriction	(213,183)	-	(213,183)
Investment fees	(17,850)	-	(17,850)
Balance, June 30, 2017	<u>\$2,835,280</u>	<u>\$2,629,516</u>	<u>\$5,464,796</u>

Farmingdale College Foundation

NOTES TO FINANCIAL STATEMENTS

6. Endowments (continued):

Changes in temporarily and permanently restricted net assets (continued):

2016

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2015, as restated	\$2,973,156	\$2,209,308	\$5,182,464
Gifts and other fund additions	217,522	2,817	220,339
Investment income	105,889	-	105,889
Net investment gain (loss)	(25,986)	(17,822)	(43,808)
Reallocation of restricted funds by donor	<u>(244,746)</u>	<u>230,493</u>	<u>(14,253)</u>
Net assets released from restriction	(253,054)	-	(253,054)
Investment fees	<u>(19,639)</u>	<u>-</u>	<u>(19,639)</u>
Balance, June 30, 2016	<u>\$2,753,142</u>	<u>\$2,424,796</u>	<u>\$5,177,938</u>

7. Related party transactions:

During the years ended June 30, 2017 and 2016, the Foundation held its Fall Gala at a venue owned by a honorary member of the Board of Directors. Amounts paid to this related party were \$39,750 and \$41,175, respectively. As of June 30, 2017 and 2016, the Foundation's accounts payable did not include accounts payable to this related party.

The Foundation pays the Auxiliary Service Corporation (ASC) administrative fees in exchange for providing certain back office administrative services. ASC is an organization controlled by SUNY Farmingdale which is the University that benefits from the Foundation's fundraising efforts. For the years ended June 30, 2017 and 2016, the Foundation paid to ASC \$40,000 and \$35,000, respectively. As of June 30, 2017 and 2016, the Foundation's accounts payable did not include accounts payable to this related party.

8. Reclassifications:

Certain items in the financial statements, for the year ended June 30, 2016, have been reclassified to conform with those presented for the year ended June 30, 2017. These adjustments had no impact on net assets as a whole for the year ended June 30, 2016.