

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.**

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Independent Auditors' Report

To the Board of Directors
Fredonia College Foundation of the State University of New York, Inc.
Fredonia, New York

Opinion

We have audited the accompanying financial statements of Fredonia College Foundation of the State University of New York, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Fredonia College Foundation of the State University of New York, Inc. as of December 31, 2021 and 2020, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Fredonia College Foundation of the State University of New York, 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.

Management's Responsibility 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 Fredonia College Foundation of the State University of New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for 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 auditors' 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Fredonia College Foundation of the State University of New York, 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 Fredonia College Foundation of the State University of New York, 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.

Saxton, Kocur and Associates, LLP

Saxton, Kocur and Associates, LLP
April 1, 2022

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	2021	2020
Cash and cash equivalents (Note 1)	\$ 458,321	\$ 621,668
Investments, at fair value (Note 2)	54,685,163	48,067,244
Receivables, net of allowance (Note 3)	147,479	183,447
Prepaid expenses and deposits	13,240	15,654
Unconditional promises to give (Note 4)	707,831	661,472
Other assets (Note 5)	90,808	79,960
Property and equipment (Note 6)	276,599	301,232
	<u>56,379,441</u>	<u>49,930,677</u>
TOTAL ASSETS	\$ 56,379,441	\$ 49,930,677

LIABILITIES AND NET ASSETS

LIABILITIES

Current - accounts payable and accrued expenses	\$ 93,431	\$ 155,582
Other - annuities payable (Note 8)	301,258	308,461
Total liabilities	<u>394,689</u>	<u>464,043</u>

NET ASSETS

Without donor restrictions (Note 9):		
Undesignated operations fund	1,436,830	1,321,321
Board designated endowment accumulated income	1,819,979	1,466,967
Annuities	67,296	50,665
Total net assets without donor restrictions	<u>3,324,105</u>	<u>2,838,953</u>

With donor restrictions (Notes 10 and 11):

Purpose restricted (Note 10)	21,629,521	16,778,468
Perpetual in nature (Note 11)	31,031,126	29,849,213
Total net assets with donor restrictions	<u>52,660,647</u>	<u>46,627,681</u>

Total net assets	<u>55,984,752</u>	<u>49,466,634</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ 56,379,441	\$ 49,930,677
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See accompanying notes to financial statements.

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and Revenues:			
Gifts, grants and bequests	\$ 126,807	\$ 1,953,233	\$ 2,080,040
Events receipts	-	23,731	23,731
Investment return (loss)	39,732	6,553,776	6,593,508
Change in cash surrender value of life insurance	10,847	-	10,847
Actuarial gain (loss) - annuities	(25,558)	(13,236)	(38,794)
Donated services	772,098	-	772,098
In-kind donations	-	3,906	3,906
Rent	-	-	-
Net assets with donor restrictions released from restrictions (Note 10)	2,123,270	(2,123,270)	-
Transfer of investment return (loss) (Notes 9 and 10)	365,174	(365,174)	-
Total support and revenues	3,412,370	6,032,966	9,445,336
Expenses:			
Program service	1,785,069	-	1,785,069
Administrative	521,339	-	521,339
Fundraising	620,810	-	620,810
Total expenses	2,927,218	-	2,927,218
CHANGE IN NET ASSETS	485,152	6,032,966	6,518,118
NET ASSETS, beginning	2,838,953	46,627,681	49,466,634
NET ASSETS, ending	\$ 3,324,105	\$ 52,660,647	\$ 55,984,752

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 124,690	\$ 2,247,035	\$ 2,371,725
-	27,590	27,590
46,482	4,366,730	4,413,212
9,284	-	9,284
(23,554)	(14,151)	(37,705)
731,247	-	731,247
-	6,445	6,445
18,900	-	18,900
2,007,346	(2,007,346)	-
236,366	(236,366)	-
<u>3,150,761</u>	<u>4,389,937</u>	<u>7,540,698</u>
1,740,862	-	1,740,862
523,730	-	523,730
573,647	-	573,647
<u>2,838,239</u>	<u>-</u>	<u>2,838,239</u>
312,522	4,389,937	4,702,459
<u>2,526,431</u>	<u>42,237,744</u>	<u>44,764,175</u>
<u>\$ 2,838,953</u>	<u>\$ 46,627,681</u>	<u>\$ 49,466,634</u>

See accompanying notes to financial statements.

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

2021

	Program Service	Supporting Services		Total
		Administrative	Fundraising	
	\$	\$	\$	\$
Grants and scholarships	1,005,597	-	-	1,005,597
Academic support	779,472	-	-	779,472
Payroll and employee benefits	-	212,849	-	212,849
Donated services	-	223,631	548,467	772,098
Auditing fees	-	7,613	-	7,613
Information technology	-	7,548	-	7,548
Professional fees	-	-	25,624	25,624
Travel expense	-	-	717	717
Insurance	-	8,319	-	8,319
Depreciation	-	12,316	12,317	24,633
Repairs and maintenance	-	18,136	-	18,136
Utilities	-	4,981	-	4,981
Capital campaign	-	-	658	658
Memberships and dues	-	2,452	7,126	9,578
Contracted services	-	16,799	-	16,799
Meetings, conferences, and seminars	-	949	-	949
Office expense	-	4,869	-	4,869
Donor and scholarship recipient recognition/cultivation	-	-	23,840	23,840
Miscellaneous	-	877	2,061	2,938
	\$	\$	\$	\$
	1,785,069	521,339	620,810	2,927,218

2020

	Program Service	Supporting Services		Total
		Administrative	Fundraising	
Grants and scholarships	1,095,437	-	-	1,095,437
Academic support	645,425	-	-	645,425
Payroll and employee benefits	-	206,861	-	206,861
Donated services	-	230,421	500,826	731,247
Auditing fees	-	7,606	-	7,606
Information technology	-	9,803	-	9,803
Professional fees	-	-	25,606	25,606
Travel expense	-	-	3,636	3,636
Insurance	-	7,254	-	7,254
Depreciation	-	12,539	12,538	25,077
Repairs and maintenance	-	16,587	-	16,587
Utilities	-	3,812	-	3,812
Capital campaign	-	-	4,921	4,921
Memberships and dues	-	1,234	7,099	8,333
Contracted services	-	19,625	-	19,625
Meetings, conferences, and seminars	-	472	-	472
Office expense	-	5,377	1,841	7,218
Donor and scholarship recipient recognition/cultivation	-	-	12,991	12,991
Miscellaneous	-	2,139	4,189	6,328
	<u>\$ 1,740,862</u>	<u>\$ 523,730</u>	<u>\$ 573,647</u>	<u>\$ 2,838,239</u>

See accompanying notes to financial statements.

**FREDONIA COLLEGE FOUNDATION
OF THE STATE UNIVERSITY OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,518,118	\$ 4,702,459
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	24,633	25,077
Reinvested net investment return	(6,591,602)	(4,395,465)
In-kind gifts and/or donated investments	(76,317)	(6,445)
(Increase) in cash surrender value of insurance	(10,848)	(9,284)
(Increase) decrease in:		
Receivables	35,968	(13,576)
Prepaid expenses	2,414	(4,332)
Unconditional promises to give	(46,359)	(399,416)
Increase (decrease) in:		
Accounts payable and accrued expenses	(62,151)	82,824
Annuities payable	(7,203)	(13,608)
	(213,347)	(31,766)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	500,000	250,000
Purchases of investments	(450,000)	(350,000)
Proceeds from maturity of REIT unit	-	2,000
	50,000	(98,000)
CHANGE IN CASH AND CASH EQUIVALENTS	(163,347)	(129,766)
CASH AND CASH EQUIVALENTS, beginning	621,668	751,434
CASH AND CASH EQUIVALENTS, ending	\$ 458,321	\$ 621,668
Noncash investing activities:		
Reinvestment of net investment return within brokerage accounts	\$ 6,591,602	\$ 4,395,465

See accompanying notes to financial statements.

**FREDONIA COLLEGE FOUNDATION OF
THE STATE UNIVERSITY OF NEW YORK, INC.**

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND PURPOSE

Fredonia College Foundation of the State of New York, Inc. (the Foundation), a not-for-profit corporation, was formed in 1964 to encourage and accept gifts and endowments in support of the priority needs of the State University of New York at Fredonia, its faculty and students.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - These financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION - The Foundation 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.

It is the policy of the Board of Directors to plan for the future by designating funds for specific purposes. Such Board designated net assets without donor restrictions are indicated as *Board designated endowment accumulated income* in the financial statements and in other notes to the financial statements.

CONTRIBUTIONS, PROMISES TO GIVE, AND REVENUE RECOGNITION - The Foundation has adopted the provisions of FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Unconditional contributions of cash, securities or other assets and unconditional promises to give, are recorded when received. Conditional contributions and promises to give (i.e. those with a measurable performance or other barrier and a right of return) are not recognized until the conditions are which they depend are substantially met or explicitly waived by the donor.

Contributions and unconditional promises to give with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. In the year when restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

CONTRIBUTIONS, PROMISES TO GIVE, AND REVENUE RECOGNITION, continued
- In-kind donations are recorded at estimated fair value at the date the donation. It is the policy of the Foundation to liquidate contributions of marketable securities as soon as possible after receipt.

The Foundation has established an allowance for doubtful promises to give of 10% of the total outstanding unconditional promises to give at year-end (Note 4).

CASH AND CASH EQUIVALENTS - For purposes of the statements of cash flows, the Foundation considers all highly liquid investments, including all certificates of deposit, to be cash equivalents. Cash reserves held in investment accounts (Note 2) are not considered as cash and cash equivalents for purposes of the statements of cash flows.

	2021	2020
M&T Bank - checking and savings	\$ 206,235	\$ 369,962
Lake Shore Savings - certificates of deposits	252,046	251,665
PayPal account	40	41
	<u>\$ 458,321</u>	<u>\$ 621,668</u>

The certificates of deposit (three) all have a term of six months with interest of 0.15%, with no material penalties for early withdrawal. A maturing certificate is automatically renewed for six months unless the bank is timely notified by the Foundation.

The Foundation has adopted FASB Accounting Standard Updates (ASU) No. 2016-15, *Statement of Cash Flows (Topic 230) Classification of Certain Receipts and Cash Payments* and No. 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. Guidance under ASU No. 2016-15 is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. ASU No. 2016-18 guidance includes: (1) how restricted cash should be presented in the statement; (2) showing the change in total cash and restricted cash in the statement; (3) no longer requiring the presentation of transfers between cash and restricted cash in the statement, and; (4) disclosure of the nature of restrictions on cash.

INVESTMENTS - Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair value as of the date of financial position. Gain and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation. Gains and losses on investments restricted for scholarships and grants are reported as increases or decreases in net assets with donor restrictions.

ESTIMATES – The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

PROPERTY AND EQUIPMENT - Property and equipment are recorded at cost or if donated, at the fair market value at the date of the donation. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

DONATED SERVICES - For 2021 and 2020, the value of donated services meeting the requirements for recognition in the financial statements amounted to \$772,098 and \$731,247, respectively. These services were provided by the State University of New York at Fredonia at no cost to the Foundation. The value of the use of donated facilities meeting the requirements for recognition in the financial statements was not material and has not been recorded.

ALLOCATION OF INCOME - Available endowment income is credited to the accumulated income account of each participating endowment fund on a quarterly basis at an established fixed rate of return (spending rate). The allocation of income is intended to cover the annual spending of each endowment fund. As such, the fixed rate of return is equal to the annual spending rate.

In the event actual yield and increase in market value for a period are in excess of the guaranteed spending rate authorized by the Board, the excess is transferred to an earnings reserve account. Conversely, any shortfalls for a given period will be charged against the earnings reserve account.

College Departments and Pass-through Funds - purpose restricted (Note 10) do not receive an allocation of investment income. For 2021 and 2020, the Foundation charged a fee of 3% against deposits into College Department funds.

A \$10,000 minimum balance is required in order to establish an endowment with the Foundation. All accounts created that do not meet this minimum are held and receive an allocation of investment income. No awards are made from these funds until the minimum endowment balance is attained through additional capital contributions. Endowed funds must earn at least four quarters of investment income before awards can be made.

ALLOCATION OF EXPENSES - Expenses in the statement of functional expenses are categorized by functional classifications. Expenses that are readily identifiable to a specific function are charged directly to that function. Expenses attributable to more than one function are allocated on a reasonable basis that is consistently applied. Donated service are allocated based on specific job functions of personnel. Depreciation is allocated on an equal basis between the administration and fundraising functions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

INCOME TAXES - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from New York State income tax under Article 7 and EPTL of the Executive Law. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an agency other than a private foundation under Section 509(a)(3).

The Foundation believes no material uncertain tax positions existed at December 31, 2021 and 2020, requiring recognition or disclosure in the financial statements. The Foundation's federal and state exempt organization returns for 2018 and later years are subject to possible examination, generally for three years after filing.

NOTE 2 - INVESTMENTS

The Foundation has adopted the provisions of FASB Accounting Standards Updates No. 2016-01, *Financial Instruments - Overall (Subtopic 805-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and No. 2018-03, *Technical Corrections and Improvements to Financial Assets and Financial Liabilities - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 provides guidance for the recognition, measurement, presentation, and disclosure of financial instruments. ASU 2018-03 clarifies certain aspects of the guidance in ASU No. 2016-01. The Foundation's assets are primarily invested with Fidelity Investments by consultant Alesco Advisors, LLC, of Pittsford, NY, in a number of exchange-traded products (ETPs) and equity and bond mutual funds.

The fair value of investments by type measured on a recurring basis at December 31 were as follows:

	2021	2020
Cash Reserves Money Market	\$ 236,846	\$ 578,907
Equities - ETPs	18,611,583	15,839,764
Common Stocks	26,824	-
Mutual Funds - Equities	17,028,793	14,678,465
Mutual Funds - Fixed Income	11,557,938	11,535,048
Fixed Income - ETPs	7,223,179	5,435,060
	<u>54,685,163</u>	<u>48,067,244</u>
 Total cost of all investments at year-end	 <u>46,856,565</u>	 <u>35,487,775</u>
 Net unrealized gain (loss) at year-end	 <u>\$ 7,828,598</u>	 <u>\$ 12,579,469</u>

The fair values of the ETPs, common stocks, and mutual fund investments at both December 31, 2021 and 2020, were based on Level I input data. Level I input data for determining fair value is based on quoted prices in active markets for identical assets.

Investment return (loss) consisted of the following:

	2021	2020
Dividends, interest, and capital gain distributions	\$ 1,340,275	\$ 1,010,300
Realized gain (loss) of sales of investments	10,151,823	(11,492)
Unrealized gain (loss) on investments	(4,751,235)	3,542,487
Investment management fees - external	(147,355)	(128,083)
	<u>\$ 6,593,508</u>	<u>\$ 4,413,212</u>

NOTE 3 - RECEIVABLES

	<u>2021</u>	<u>2020</u>
State University of New York at Fredonia Alumni Association, Inc. Contributions	\$ 15,839 132,140	\$ 15,554 168,393
	<u>147,979</u>	<u>183,947</u>
Less: allowance for doubtful accounts	(500)	(500)
	<u>\$ 147,479</u>	<u>\$ 183,447</u>

The amount due from the Alumni Association is for reimbursement of employment related costs and scholarship payments made by the Foundation on behalf of the Association.

Contributions at December 31 were for contributions received for 2021 and 2020 that were deposited in January of the subsequent calendar year.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, primarily to provide for scholarships, are reported net of a 10% allowance for doubtful promises and at present value using a discount rate of 4.25% at both December 31, 2021 and 2020, and consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 281,231	\$ 241,131
Due in one to five years	549,200	537,850
	<u>830,431</u>	<u>778,981</u>
Allowance for doubtful promises	(83,043)	(77,898)
Discount to net present value	(39,557)	(39,611)
	<u>\$ 707,831</u>	<u>\$ 661,472</u>

NOTE 5 - OTHER ASSETS

	<u>2021</u>	<u>2020</u>
REITs	\$ 18,000	\$ 18,000
Cash surrender value of life insurance policies	72,808	61,960
	<u>\$ 90,808</u>	<u>\$ 79,960</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment held by the Foundation for operational purposes, was as follows:

	2021	2020
Land	\$ 5,000	\$ 5,000
Building	349,940	349,940
Improvements	305,308	305,308
Furnishing and equipment	10,135	10,135
	<u>670,383</u>	<u>670,383</u>
Less accumulated depreciation	<u>(393,784)</u>	<u>(369,151)</u>
	<u>\$ 276,599</u>	<u>\$ 301,232</u>

Depreciation expense for 2021 and 2020 was \$24,633 and \$25,077, respectively.

NOTE 7 - ENDOWMENTS

The Foundation's endowment as of December 31, 2021 and 2020 consisted of 575 and 551 individual funds, respectively, established for a variety of purposes. The total endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Prior to the New York Prudent Management of Institutional Funds Act (NYPMIFA) in September 2010, the Board of Directors of the Foundation had interpreted the New York State Not-For-Profit Corporation Law as allowing the appropriation for expenditure, for the uses and purposes for which an endowment fund is established, so much of the net appreciation, realized (with respect to all assets) and unrealized (with respect only to readily marketable assets), in the fair value of the assets of an endowment fund over the historic dollar value of the fund as is prudent.

In accordance with the provisions of NYPMIFA, the Foundation will make expenditures over the historic dollar value of the fund for such funds established prior to NYPMIFA only upon the express approval of the original donors (if such donors can be reasonably identified and reasonable attempts are made to contact them).

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Foundation to retain as a fund of perpetual duration. No funds had deficits at December 31, 2021, and one fund had a \$2,142 deficit at December 31, 2020.

NOTE 7 - ENDOWMENTS, continued

Funds With Deficiencies, continued

In order to provide for spending from funds with donor restrictions, it is the Foundation's practice to cover fund deficiencies with available net assets without donor restrictions. If the a fund is no longer deficient (whether due to additional gifts or market conditions) prior to the allocating of any future spending, net assets without donor restrictions used to cover prior deficiencies are to be transferred back. At December 31, 2021 and 2020, no net assets without donor restrictions had been transferred to cover deficient funds.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the underlying 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. Taking into consideration the current and future needs of the Foundation, the overall investment strategy emphasizes total return, while also avoiding excessive investment risk.

Strategies Employed for Achieving Return Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains and losses) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

For 2021 and 2020, the Foundation spending policy called for distribution of 4.5% of the average fair value of its endowment funds over the prior 20 quarters through the fourth quarter of the fiscal year (July 1- June 30) preceding the fiscal year in which the distribution is planned. The Foundation will invest, reinvest, and account for the assets of the endowment funds in accordance with the standards established by the NYPMIFA and the general guidelines and polices adopted by the Foundation. The Foundation may expend so much of the endowment funds as it deems prudent after considering the factors and appropriate decisions as set forth in NYPMIFA.

NOTE 8 - ANNUITIES PAYABLE

The actuarially determined value of annuities payable totaled \$301,258 and \$308,461 December 31, 2021 and 2020, respectively. The balance represents the present value of the aggregate liability for gift annuity agreements, based on life expectancy tables. Payments made in 2021 and 2020 on existing agreements were \$51,552 and \$51,313, respectively.

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Changes in net assets without donor restrictions in 2020 and 2021, were as follows:

	Undesignated operations fund	Board designated endowment accumulated income	Annuities	Total
Balance at December 31, 2019	\$ 1,242,774	\$ 1,250,699	\$ 32,958	\$ 2,526,431
2020 Additions:				
Gifts, grants, and bequests	125,404	-	-	125,404
Investment return (loss)	5,221	-	41,261	46,482
Adjustments for promises to give	(714)	-	-	(714)
Change in cash surrender value of life insurance	9,284	-	-	9,284
Gain (loss) on annuities	-	-	(23,554)	(23,554)
Donated in-kind services	731,247	-	-	731,247
Rent	18,900	-	-	18,900
Net assets with donor restrictions released from restrictions (Note 10)	2,007,346	-	-	2,007,346
Transfer of investment (loss) from net assets with donor restrictions (Note 10)	-	236,366	-	236,366
2020 Appropriations:				
Grants and scholarships	(1,077,850)	(17,587)	-	(1,095,437)
Academic support	(642,914)	(2,511)	-	(645,425)
Supporting services	(1,097,377)	-	-	(1,097,377)
Balance at December 31, 2020	1,321,321	1,466,967	50,665	2,838,953
2021 Additions:				
Gifts, grants, and bequests	123,181	-	4,451	127,632
Investment return (loss)	1,994	-	37,738	39,732
Adjustments for promises to give	(825)	-	-	(825)
Change in cash surrender value of life insurance	10,847	-	-	10,847
Gain (loss) on annuities	-	-	(25,558)	(25,558)
Donated in-kind services	772,098	-	-	772,098
Rent	-	-	-	-
Net assets with donor restrictions released from restrictions (Note 10)	2,123,270	-	-	2,123,270
Transfer of investment (loss) from net assets with donor restrictions (Note 10)	-	365,174	-	365,174
2021 Appropriations:				
Grants and scholarships	(996,615)	(8,982)	-	(1,005,597)
Academic support	(776,292)	(3,180)	-	(779,472)
Supporting services	(1,142,149)	-	-	(1,142,149)
Balance at December 31, 2021	<u>\$ 1,436,830</u>	<u>\$ 1,819,979</u>	<u>\$ 67,296</u>	<u>\$ 3,324,105</u>

Several Foundation endowments have been either board designated or donor-designated for unrestricted spending. The board designated endowment accumulated income amount represents the total accumulated income and the portion of the Foundation's endowment earning reserve that is attributed to these endowments.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS - PURPOSE RESTRICTED

	2021	2020
Endowed scholarships, grants, and program support	\$ 18,951,553	\$ 14,334,193
College departments and pass-through funds	2,677,968	2,444,275
	<u>\$ 21,629,521</u>	<u>\$ 16,778,468</u>

Changes in net assets with donor restrictions - purpose restricted:

	Endowed scholarships, grants, and program support	College departments and pass-through funds	Total
Balance at December 31, 2019	\$ 11,708,035	\$ 1,786,026	\$ 13,494,061
2020 Additions:			
Gifts, grants and bequests	-	1,042,594	1,042,594
In-kind donations	-	6,445	6,445
Event receipts	-	27,590	27,590
Adjustments for promises to give	-	124,003	124,003
Investment return (loss)	4,327,487	-	4,327,487
2020 Appropriations:			
Released from restrictions (Note 9)	(1,464,963)	(542,383)	(2,007,346)
Transfer of investment (return) loss to net assets without donor restrictions (Note 9)	(236,366)	-	(236,366)
Balance at December 31, 2020	14,334,193	2,444,275	16,778,468

2021 Additions:			
Gifts, grants and bequests	-	691,337	691,337
In-kind donations	-	3,906	3,906
Event receipts	-	23,731	23,731
Adjustments for promises to give	-	100,494	100,494
Investment return (loss)	6,520,029	-	6,520,029
2021 Appropriations:			
Released from restrictions (Note 9)	(1,537,495)	(585,775)	(2,123,270)
Transfer of investment (return) loss to net assets without donor restrictions (Note 9)	(365,174)	-	(365,174)
Balance at December 31, 2021	\$ 18,951,553	\$ 2,677,968	\$ 21,629,521

Net assets with donor restrictions released by incurring expenses in satisfaction of restrictions and transfer of a portion of investment return (loss) to net assets without donor restrictions in 2021 and 2020, were as follows:

	2021	2020
College departments, programs, and support services	\$ 646,245	\$ 556,352
Scholarships and student award	826,548	918,696
1.25% management fees	650,477	532,298
Total released from restrictions	<u>2,123,270</u>	<u>2,007,346</u>
Portion of investment return (loss) transferred to net assets without donor restrictions	365,174	236,366
Total net assets released from restrictions and transfer of investment return (loss)	\$ <u>2,488,444</u>	\$ <u>2,243,712</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL IN NATURE

Certain net assets with donor restrictions are to be invested in perpetuity, the income from which may be expended to support the following purposes at December 31:

	2021	2020
Endowment	\$ 30,145,357	\$ 28,949,717
Building towards endowment	226,224	207,152
Bequests and promises to give	481,566	534,876
Annuities	177,979	157,468
	<u>\$ 31,031,126</u>	<u>\$ 29,849,213</u>

Changes in net assets with donor restrictions - perpetual in nature:

	Endowment	Building towards endowment	Bequests and promises to give	Annuities	Total
Balance at December 31, 2019	\$ 28,174,538	\$ 178,020	\$ 258,749	\$ 132,376	\$ 28,743,683
2020 Activity and Changes:					
Gifts, grants and bequests	769,259	35,052	-	-	804,311
Adjustments for promises to give	-	-	276,127	-	276,127
Actuarial gain/(loss) on annuities	-	-	-	(14,151)	(14,151)
Investment return (loss)	-	-	-	39,243	39,243
Transfers	5,920	(5,920)	-	-	-
Balance at December 31, 2020	28,949,717	207,152	534,876	157,468	29,849,213
2021 Activity and Changes:					
Gifts, grants and bequests	1,153,910	60,802	-	-	1,214,712
Adjustments for promises to give	-	-	(53,310)	-	(53,310)
Gifts from annuity contracts	-	-	-	-	-
Actuarial gain/(loss) on annuities	-	-	-	(13,236)	(13,236)
Investment return (loss)	-	-	-	33,747	33,747
Transfers	41,730	(41,730)	-	-	-
Balance at December 31, 2021	<u>\$ 30,145,357</u>	<u>\$ 226,224</u>	<u>\$ 481,566</u>	<u>\$ 177,979</u>	<u>\$ 31,031,126</u>

NOTE 12 - AGREEMENTS WITH THE STATE UNIVERISTY OF NEW YORK AT FREDONIA

The Foundation utilizes certain office equipment and personnel of the State University of New York at Fredonia (SUNY Fredonia) at no cost. The current agreement is for the period March 1, 2020 through February 28, 2025. This agreement may be terminated in whole or part by SUNY Fredonia upon 45 days prior written notice. The value of donated services received from SUNY Fredonia under the terms of this agreement was \$772,098 for 2021 and \$731,247 for 2020.

NOTE 13 - LINE OF CREDIT

The Foundation has a \$250,000 line of credit with a local financial institution. There was no outstanding balance at December 31, 2021 or 2020. Interest is at the prime rate.

NOTE 14 - CONCENTRATION OF CREDIT RISK

At December 31, 2021 and 2020, the Foundation had cash of \$8,457 and \$168,059, respectively, in two financial institutions in excess of the FDIC \$250,000 insured limit. Also, numerous times during both years, cash balances exceeded the insured limit.

NOTE 15 - RETIREMENT PLAN

The Foundation provides retirement benefits for substantially all eligible employees through a defined contribution retirement plan. The plan operates under Section 403(b) of the Internal Revenue Code and uses the Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF) to provide benefits. The plan requires that the Foundation contribute 10% of the participant's annual salary if the participant makes voluntary contributions during the year in an amount equal to 7% of their salary. Additionally, the Foundation matches additional participant contributions of up to 3% of the participant's salary. Participants of the plan are fully vested upon becoming members of the plan. The Foundation's plan contribution for 2021 and 2020 was \$10,497 and \$8,468, respectively.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated events and transactions through April 1, 2022, which is the date the financial statements were available to be issued.

The short-term and long-term impact of the ongoing COVID-19 pandemic on the Foundation's future financial position and operations cannot be determined.

NOTE 17 - RECLASSIFICATIONS

Certain accounts and amounts in the 2020 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2021 financial statements.

NOTE 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation considers the following financial assets to be available within one year of December 31 for general expenditures. General expenditures are expenses expected to be incurred related to the administrative and fundraising functions of the Foundation, and exclude any donated services for these functions.

	At December 31	
	2021	2020
Cash and cash equivalents	\$ 458,321	\$ 621,668
Investments and other assets	467,984	426,438
Financial assets available within one year	<u>\$ 926,305</u>	<u>\$ 1,048,106</u>

The Foundation holds the cash and cash equivalents in a checking account, an interest-bearing savings account, and in six-month certificates of deposit.

The Foundation's endowment funds include certain board-designated funds, the income from which would also be available for general expenditures. As of December 31, 2021, such income was \$491,720, with an additional \$105,850 becoming available for use on July 1, 2022. In addition, the Foundation's expected 1.25% management fees charged to donor-restricted funds in 2022 is \$610,000. These fees would also be available for general expenditures. A \$250,000 line of credit is also available to provide for unexpected liquidity needs.