

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION
Financial Statements
June 30, 2018
(With Independent Auditors' Report Thereon)

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
State University College at Oneonta
Foundation Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of State University College at Oneonta Foundation Corporation (the Foundation) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 Foundation'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 Foundation'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 State University College at Oneonta Foundation Corporation as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 27, 2018

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION
Statement of Financial Position
June 30, 2018
with comparative totals for 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 834,212	724,395
Unconditional promises to give, current portion	916,269	546,114
Interest receivable	29,194	34,328
Total current assets	1,779,675	1,304,837
Other assets:		
Unconditional promises to give, net of current portion and allowances for uncollectible pledges	4,439,793	391,181
Investments	52,855,277	49,136,146
Beneficial interest in charitable trusts	314,722	306,870
Charitable gift annuities	488,309	402,165
Property and equipment, net	1,528,507	1,578,947
Total other assets	59,626,608	51,815,309
Total assets	\$ 61,406,283	53,120,146
<u>Liabilities and Net Assets</u>		
Current liabilities - accounts payable	70,748	94,104
Charitable gift annuities payable	190,961	139,574
Total liabilities	261,709	233,678
Net assets:		
Unrestricted - board designated	854,682	588,701
Unrestricted - undesignated	1,717,862	2,361,830
Temporarily restricted	15,694,110	14,371,707
Permanently restricted	42,877,920	35,564,230
Total net assets	61,144,574	52,886,468
Total liabilities and net assets	\$ 61,406,283	53,120,146

See accompanying notes to financial statements.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Statement of Activities
Year ended June 30, 2018
with comparative totals for 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>	
				<u>2018</u>	<u>2017</u>
Revenue:					
Private support - gifts	\$ 25,000	1,200,275	7,343,087	8,568,362	2,858,629
Investment income (loss), net	(1,440)	3,356,941	-	3,355,501	4,571,078
Change in value of beneficial interest in charitable trusts	-	-	7,852	7,852	111,518
Change in value of annuity	-	(19,882)	-	(19,882)	(19,163)
Other	5,037	63,682	-	68,719	51,533
In-kind services	106,017	-	-	106,017	95,774
Net assets released from restriction	<u>3,265,422</u>	<u>(3,265,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,400,036</u>	<u>1,335,594</u>	<u>7,350,939</u>	<u>12,086,569</u>	<u>7,669,369</u>
Expenses:					
Program services	3,550,412	13,191	37,249	3,600,852	3,404,164
Supporting services:					
Management and general	142,631	-	-	142,631	129,078
Fundraising	<u>84,980</u>	<u>-</u>	<u>-</u>	<u>84,980</u>	<u>86,718</u>
Total supporting services	<u>227,611</u>	<u>-</u>	<u>-</u>	<u>227,611</u>	<u>215,796</u>
Total expenses	<u>3,778,023</u>	<u>13,191</u>	<u>37,249</u>	<u>3,828,463</u>	<u>3,619,960</u>
Increase (decrease) in net assets	(377,987)	1,322,403	7,313,690	8,258,106	4,049,409
Net assets at beginning of year	<u>2,950,531</u>	<u>14,371,707</u>	<u>35,564,230</u>	<u>52,886,468</u>	<u>48,837,059</u>
Net assets at end of year	<u>\$ 2,572,544</u>	<u>15,694,110</u>	<u>42,877,920</u>	<u>61,144,574</u>	<u>52,886,468</u>

See accompanying notes to financial statements.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION
Statement of Functional Expenses
Year ended June 30, 2018
with comparative totals for 2017

	Program Services						Supporting Services			Total	
	Foundation	Gift annuity	Quasi endowment	Departmental	Endowment	Total	Management and general	Fundraising	Total	2018	2017
	Scholarships and awards	\$ 45,600	-	11,663	809,300	1,183,917	2,050,480	-	-	-	2,050,480
Departmental support	56,263	-	-	148,478	185,754	390,495	-	7,938	7,938	398,433	407,885
Fund for Oneonta	-	-	-	485,444	-	485,444	-	-	-	485,444	432,355
Travel	-	-	-	116,920	9,318	126,238	-	-	-	126,238	43,892
Foundation salary reimbursement	-	-	-	-	-	-	147,005	-	147,005	147,005	82,307
College salary reimbursement	5,037	-	8,800	43,914	98,171	155,922	-	-	-	155,922	198,949
In-kind salary and benefits	-	-	-	-	-	-	106,017	-	106,017	106,017	95,774
Phonathon	-	-	-	-	-	-	-	24,574	24,574	24,574	24,476
Support and development	42,930	-	-	635	-	43,565	-	16,903	16,903	60,468	65,053
Custodial and bank fees	-	681	-	-	-	681	71,068	-	71,068	71,749	69,781
Postage and mailing	-	-	-	-	-	-	-	1,400	1,400	1,400	1,885
Office expense	-	-	-	13,898	-	13,898	37,379	150	37,529	51,427	41,347
Repairs and maintenance	-	-	-	3,571	-	3,571	-	-	-	3,571	28,332
Insurance	-	-	-	-	-	-	25,478	-	25,478	25,478	27,607
Consultants	-	-	-	4,440	3,600	8,040	-	-	-	8,040	19,725
Printing	-	-	-	-	-	-	-	23,607	23,607	23,607	24,639
Professional fees	-	439	-	-	-	439	19,800	-	19,800	20,239	18,478
College advancement	2,948	75	-	-	-	3,023	-	10,288	10,288	13,311	13,377
Property and equipment	-	-	-	-	-	-	-	-	-	-	17,500
Admission activities	4,500	-	-	-	-	4,500	-	-	-	4,500	4,984
Other	-	-	-	-	-	-	-	120	120	120	522
Total expenses before depreciation	157,278	1,195	20,463	1,626,600	1,480,760	3,286,296	406,747	84,980	491,727	3,778,023	3,569,026
Depreciation	-	-	-	13,191	37,249	50,440	-	-	-	50,440	50,934
Total expenses	157,278	1,195	20,463	1,639,791	1,518,009	3,336,736	406,747	84,980	491,727	3,828,463	3,619,960
Administrative expense allocation	3,864	-	4,019	18,084	238,149	264,116	(264,116)	-	(264,116)	-	-
Total expenses	<u>\$ 161,142</u>	<u>1,195</u>	<u>24,482</u>	<u>1,657,875</u>	<u>1,756,158</u>	<u>3,600,852</u>	<u>142,631</u>	<u>84,980</u>	<u>227,611</u>	<u>3,828,463</u>	<u>3,619,960</u>

See accompanying notes to financial statements.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Statement of Cash Flows
Year ended June 30, 2018
with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 8,258,106	4,049,409
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	50,440	50,934
Permanently restricted private support - gifts	(7,343,087)	(1,286,217)
Change in discount on unconditional promises to give	399,807	-
Change in value of beneficial interest in charitable trusts	(7,852)	(111,518)
Allowance for uncollectible pledges	(25,000)	-
Net gain on investments	(2,433,839)	(3,791,629)
Charitable gift annuities, net	(34,757)	(1,101)
Changes in:		
Unconditional promises to give	(4,793,574)	530,022
Interest receivable	5,134	(1,810)
Accounts receivable	-	1,675
Accounts payable	<u>(23,356)</u>	<u>(35,256)</u>
Net cash used in operating activities	<u>(5,947,978)</u>	<u>(595,491)</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	49,686,309	24,541,819
Purchase of investments	(50,971,601)	(25,619,599)
Purchase of property and equipment	<u>-</u>	<u>(5,702)</u>
Net cash used in investing activities	<u>(1,285,292)</u>	<u>(1,083,482)</u>
Cash flows from financing activities - proceeds from contributions restricted for investment in endowment	<u>7,343,087</u>	<u>1,286,217</u>
Net increase (decrease) in cash	109,817	(392,756)
Cash at beginning of year	<u>724,395</u>	<u>1,117,151</u>
Cash at end of year	<u>\$ 834,212</u>	<u>724,395</u>
Supplemental schedule of cash flow information:		
In-kind services revenue	<u>\$ 106,017</u>	<u>95,774</u>
In-kind services expense	<u>\$ 106,017</u>	<u>95,774</u>

See accompanying notes to financial statements.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements

June 30, 2018

(1) Organization

The State University College at Oneonta Foundation Corporation (the Foundation) is a not-for-profit charitable corporation established in 1982 under the Not-for-Profit Corporation laws of the State of New York.

The Foundation serves the community of the State University College at Oneonta (the College) by directing its fundraising activities, investing and managing private gifts and grants, providing awards and scholarships to qualified students, promoting various College activities and improvements to the College facilities.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Foundation's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. The Foundation requires a minimum permanently restricted endowment contribution of \$25,000. If an amount is contributed that is less than the minimum, this amount is allocated to temporarily restricted endowment funds. It can be reclassified to permanently restricted endowment funds if the donor subsequently contributes enough additional capital to meet the minimum permanently restricted endowment fund size. These amounts are presented as reclassifications in the accompanying statement of activities.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

(d) Estimates

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

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts periodically exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(g) Endowment

The Foundation's endowment was established by donations made directly to the Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of explicit donor-imposed restrictions. See note 11 for endowment detail.

New York Prudent Management of Institutional Funds Act (NYPMIFA) was enacted on September 17, 2010 and removes the prohibition on appropriations below the historic dollar value of endowment funds absent explicit donor stipulations to the contrary.

In accordance with NYPMIFA, 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 various funds.
2. The purposes of the donor-restricted endowment funds.
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 of the Foundation.
7. The investment policies of the Foundation.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Receivables

The Foundation records receivables and contribution revenue in the year that pledges are received. Pledges are recorded at their estimated net present value, based on anticipated cash flow, discounted at a rate of 2% and 5% depending on the date of the pledge, to reflect the time value of money. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(i) Investments

Investments are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation is included in investment income in the accompanying statement of activities.

(j) Property and Equipment

Property and equipment are recorded at cost if acquired by purchase or at fair market value at the date of donation if acquired by gift. The Foundation capitalizes individual property and equipment purchases greater than \$5,000 with useful lives in excess of one year. Useful lives are generally as follows:

Buildings	50 years
Land and building improvements	15 - 50 years
Equipment	10 years

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

(k) Donated Services

Donated services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

The Foundation received personnel services from the college in the amount of \$106,017 and \$95,774, for the years ended June 30, 2018 and 2017, respectively. These in-kind amounts are reflected in both revenue and expenses in the statement of activities.

(l) Revenue Recognition for Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily net assets are reclassified to unrestricted net assets.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

(n) Subsequent Events

The Foundation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(3) Unconditional Promises to Give

Unconditional promises to give consist of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Total unconditional promises to give	\$ 5,814,709	1,021,135
Less - receivable due in less than one year	<u>916,269</u>	<u>546,114</u>
Receivable due in one to five years	4,898,440	475,021
Less - discounts to net present value	(433,647)	(33,840)
Less - allowance for uncollectible pledges	<u>(25,000)</u>	<u>(50,000)</u>
Net unconditional promises to give	\$ <u>4,439,793</u>	<u>391,181</u>

(4) Beneficial Interest in Charitable Trusts

Beneficial interest in charitable trusts consists of one split-interest agreement and a perpetual trust agreement in which the Foundation was named beneficiary.

	<u>2018</u>	<u>2017</u>
Market value of charitable trusts	\$ 334,090	326,238
Less - discount to present values	<u>(19,368)</u>	<u>(19,368)</u>
Beneficial interest in charitable trust	\$ <u>314,722</u>	<u>306,870</u>

STATE UNIVERSITY COLLEGE AT
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Notes to Financial Statements, Continued

(5) Investments

Investments consisted of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>
Cash and equivalents	\$ 746,993	746,993	436,673	436,673
Certificates of deposit	-	-	199,341	198,000
Government securities	199,084	199,176	757,660	753,374
Corporate bonds and notes	61	60	160,795	160,088
Fixed income mutual funds	12,993,494	13,440,710	11,681,167	11,844,133
Corporate stocks	-	-	10,273	10,253
Equity mutual funds	<u>38,915,645</u>	<u>36,993,227</u>	<u>35,890,237</u>	<u>32,994,515</u>
Total	<u>\$ 52,855,277</u>	<u>51,380,166</u>	<u>49,136,146</u>	<u>46,397,036</u>

Investment income reported in the statement of activities and changes in net assets consisted of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 911,662	779,449
Realized and unrealized gains	<u>2,443,839</u>	<u>3,791,629</u>
Total investment income	<u>\$ 3,355,501</u>	<u>4,571,078</u>

(6) Charitable Gift Annuities

Charitable gift annuities are arrangements between a donor and the Foundation in which the donor contributes assets to the Foundation in exchange for a promise from the Foundation to pay the donor a fixed amount for a specified period of time. Assets received have been recognized at fair value and an annuity payment liability has been recognized at the present value of the future cash flows expected to be paid. Temporarily restricted contribution revenue is recognized as the difference between the fair value of the contributed assets and the annuity payment liability. The Foundation calculates the present value of the charitable gift annuities using life expectancy tables and a discount rate ranging from 1.4% to 6.2%. On June 30, 2018 and 2017, the charitable gift annuities payable was \$190,961 and \$139,574, respectively.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(6) Charitable Gift Annuities, Continued

Charitable gift annuities represent assets donors have contributed to the Foundation for gift annuity agreements. These assets are invested in the following at June 30, 2018 and 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>
Cash and equivalents	\$ 65,514	65,514	33,963	33,963
Fixed income mutual funds	206,490	211,995	175,364	183,918
Equity mutual funds	<u>216,305</u>	<u>208,076</u>	<u>192,838</u>	<u>184,103</u>
Total	\$ <u>488,309</u>	<u>485,585</u>	<u>402,165</u>	<u>401,984</u>

(7) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation technique used to measure fair value of investments, except for corporate notes and bonds, was based on quoted market prices, consistent with the market approach. Fair value of corporate bonds and notes was determined by the custodians by entering standard inputs into a pricing model. These inputs, listed in order of priority, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data and industry and economic events.

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(7) Fair Value Measurements, Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value of the Foundation's beneficial interest in charitable trusts are derived using the present value of the projected fair market value of the Foundation's interest in the charitable trusts, discounted using prevailing market rates and Internal Revenue Service (IRS) published mortality rates.

There were no changes to the valuation techniques during the years ended June 30, 2018 and 2017.

The following are measured at fair value on a recurring basis for the years ended June 30, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 746,993	-	-	746,993
Government securities	199,084	-	-	199,084
Corporate bonds and notes	-	61	-	61
Fixed income mutual funds	12,993,494	-	-	12,993,494
Equity mutual funds	<u>38,915,645</u>	<u>-</u>	<u>-</u>	<u>38,915,645</u>
Total investment	<u>52,855,216</u>	<u>61</u>	<u>-</u>	<u>52,855,277</u>
Charitable gift annuities:				
Cash equivalents	65,514	-	-	65,514
Fixed income mutual funds	206,490	-	-	206,490
Equity mutual funds	<u>216,305</u>	<u>-</u>	<u>-</u>	<u>216,305</u>
Total charitable gift annuities	<u>488,309</u>	<u>-</u>	<u>-</u>	<u>488,309</u>
Beneficial interest in charitable trusts	<u>-</u>	<u>314,722</u>	<u>-</u>	<u>314,722</u>
	<u>\$ 53,343,525</u>	<u>314,783</u>	<u>-</u>	<u>53,658,308</u>

STATE UNIVERSITY COLLEGE AT
ONEONTA FOUNDATION CORPORATION

Notes to Financial Statements, Continued

(7) Fair Value Measurements, Continued

	2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 436,673	-	-	436,673
Certificates of deposit	199,341	-	-	199,341
Government securities	757,660	-	-	757,660
Corporate bonds and notes	-	160,795	-	160,795
Fixed income mutual funds	11,681,167	-	-	11,681,167
Corporate stocks	10,273	-	-	10,273
Equity mutual funds	<u>35,890,237</u>	<u>-</u>	<u>-</u>	<u>35,890,237</u>
Total investments	<u>48,975,351</u>	<u>160,795</u>	<u>-</u>	<u>49,136,146</u>
Charitable gift annuities:				
Cash equivalents	33,963	-	-	33,963
Fixed income mutual funds	175,364	-	-	175,364
Equity mutual funds	<u>192,838</u>	<u>-</u>	<u>-</u>	<u>192,838</u>
Total charitable gift annuities	<u>402,165</u>	<u>-</u>	<u>-</u>	<u>402,165</u>
Beneficial interest in charitable trusts	<u>-</u>	<u>306,870</u>	<u>-</u>	<u>306,870</u>
	<u>\$ 49,377,516</u>	<u>467,665</u>	<u>-</u>	<u>49,845,181</u>

(8) Property and Equipment

Property and equipment consisted of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Land and improvements	\$ 696,656	696,656
Building and improvements	1,393,962	1,393,962
Equipment	<u>24,508</u>	<u>24,508</u>
Total property and equipment	2,115,126	2,115,126
Less accumulated depreciation	<u>(586,619)</u>	<u>(536,179)</u>
Property and equipment, net	<u>\$ 1,528,507</u>	<u>1,578,947</u>

Depreciation expense amounted to \$50,440 and \$50,934 for the years ended June 30, 2018 and 2017, respectively.

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Notes to Financial Statements, Continued

(9) Board Designated Net Assets

Board designated net assets restricted by the Board of Directors at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 647,640	385,578
Biological Field Station lake research	<u>207,042</u>	<u>203,123</u>
	\$ <u>854,682</u>	<u>588,701</u>

(10) Related Party Transactions

At June 30, 2018 and 2017, the SUNY College at Oneonta Alumni Association, Inc. was owed \$51,348 and \$37,293, respectively, from the Foundation. All amounts due are expected to be settled within the year ending June 30, 2019.

(11) Donor Imposed Restrictions and Stipulations

Temporarily restricted net assets available for the following purposes at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Departmental purposes	\$ 1,915,693	1,749,089
Scholarships or awards	9,239,130	8,271,040
Campus community activities and other	<u>4,539,287</u>	<u>4,351,578</u>
	\$ <u>15,694,110</u>	<u>14,371,707</u>

Net assets were released from donor restrictions and expended for operations for the years ended June 30, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Scholarship and awards	\$ 1,993,217	1,905,382
Alumni association	485,444	432,355
Supplies	334,232	327,987
Other	<u>452,529</u>	<u>361,723</u>
	\$ <u>3,265,422</u>	<u>3,027,447</u>

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Notes to Financial Statements, Continued

(12) Endowment

Endowment net asset composition by type of fund and changes in endowment net assets was as follows for the years ended June 30, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance as of June 30, 2016	\$ 459,759	10,464,854	34,204,535	45,129,148
Investment income	7,565	692,312	-	699,877
Change in value of beneficial interest in charitable trusts	-	-	111,518	111,518
Net appreciation	38,453	3,500,556	-	3,539,009
Contributions	100,000	30,900	1,286,217	1,417,117
Expenses and releases from restrictions	<u>(17,076)</u>	<u>(1,755,958)</u>	<u>(38,040)</u>	<u>(1,811,074)</u>
Balance as of June 30, 2017	588,701	12,932,664	35,564,230	49,085,595
Investment income	12,665	725,602	-	738,267
Change in value of beneficial interest in charitable trusts	-	-	7,852	7,852
Net appreciation	30,006	1,978,819	-	2,008,825
Contributions	247,792	20,111	7,343,087	7,610,990
Expenses and releases from restrictions	<u>(24,482)</u>	<u>(1,756,158)</u>	<u>(37,249)</u>	<u>(1,817,889)</u>
Balance as of June 30, 2018	\$ <u>854,682</u>	<u>13,901,038</u>	<u>42,877,920</u>	<u>57,633,640</u>

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by Foundation Board policy and the donor. In accordance with generally accepted accounting standards, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies at June 30, 2018 and 2017.

(b) Return Objectives and Risk Parameters

The Foundation's assets are to be invested with the objective of preserving their long-term, real purchasing power while providing a relatively predictable and increasing stream of annual distributions to be expended in accordance with the desires of the various donors of the assets. Achieving these objectives demands that the Foundation assume prudent levels of risk, a long-term investment horizon, and a consistent diversified asset allocation plan.

STATE UNIVERSITY COLLEGE AT
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Notes to Financial Statements, Continued

(12) Endowment, Continued

(c) Strategies Employed for Achieving Objectives

The Foundation's strategy is to invest its endowment assets in cash equivalents, equities, mutual funds, fixed income securities and other asset types. The Investment Subcommittee shall annually review the rate of return performance of the Foundation's investment holdings against applicable market benchmarks and the Foundation's performance goals.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Treasurer and Executive Director, shall recommend to the Finance Committee the level of spending for the Foundation's endowment funds and similar restricted funds on an annual basis as part of the overall budget preparation. The Finance Committee will review the spending rate annually and recommend changes in the spending as market gains and losses dictate, consistent with the guiding principle of investment diversification. The Board of Directors will review and approve the spending limit each year as part of the budget process.