

**STATE UNIVERSITY OF NEW YORK  
POLYTECHNIC INSTITUTE FOUNDATION, INC.**

**Financial Statements  
as of June 30, 2015  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

September 23, 2015

To the Board of Trustees of the  
State University of New York Polytechnic Institute Foundation, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the State University of New York Polytechnic Institute Foundation, Inc. (the Foundation), a New York not-for-profit Foundation, which comprise the balance sheet as of June 30, 2015, and the related statements of activities and change in net assets 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 the Foundation as of June 30, 2015 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.

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## **INDEPENDENT AUDITOR'S REPORT**

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### **Report on Summarized Comparative Totals**

We have previously audited the Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects with the audited financial statements from which it has been derived.

### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2014 supplementary comparative information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

**STATE UNIVERSITY OF NEW YORK POLYTECHNIC INSTITUTE FOUNDATION, INC.**

**BALANCE SHEET**

**JUNE 30, 2015**

(With Comparative Totals for 2014)

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			<b>LIABILITIES AND NET ASSETS</b>		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash	291,779	\$ 518,932	Accounts payable and accruals	\$ 30,555	\$ 5,620
Endowment interest income receivable	9,293	9,472	Due to investment class	14,296	11,214
Prepaid expenses	1,997	1,997	Due to others	22,534	40,495
Current portion of pledges receivable	<u>172,833</u>	<u>24,157</u>	Deferred revenue	<u>-</u>	<u>2,500</u>
Total current assets	<u>475,902</u>	<u>554,558</u>	Total current liabilities	<u>67,385</u>	<u>59,829</u>
INVESTMENTS	3,171,861	2,893,183	NET ASSETS:		
RESTRICTED CASH	2,423,879	-	Unrestricted -		
BENEFICIAL INTEREST IN CHARITABLE TRUST	66,411	71,467	Current operations	<u>(2,361)</u>	<u>(12,420)</u>
LONG-TERM PLEDGES RECEIVABLE	<u>244,112</u>	<u>201,087</u>	Temporarily restricted -		
			Unexpended endowment earnings	1,420,354	1,190,487
			Donor designated	613,842	522,409
			Student scholarships	69,581	66,262
			Other	<u>320,953</u>	<u>306,611</u>
			Total temporarily restricted net assets	<u>2,424,730</u>	<u>2,085,769</u>
			Permanently restricted -		
			Endowment	<u>3,892,411</u>	<u>1,587,117</u>
			Total net assets	<u>6,314,780</u>	<u>3,660,466</u>
Total assets	<u>\$ 6,382,165</u>	<u>\$ 3,720,295</u>	Total liabilities and net assets	<u>\$ 6,382,165</u>	<u>\$ 3,720,295</u>

The accompanying notes are an integral part of these statements.

**STATE UNIVERSITY OF NEW YORK POLYTECHNIC INSTITUTE FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015**

(With Comparative Totals for 2014)

	Unrestricted		Temporarily Restricted				Total	Permanently	Total	
	Activities	Total	Unexpended Endowment Earnings	Donor Designated	Student Scholarships	Other		Restricted Endowment	2015	2014
<b>REVENUE, GAINS AND OTHER SUPPORT:</b>										
Contributions and special events	\$ 233,495	\$ 233,495	\$ -	\$ 50	\$ 8,040	\$ 126,355	\$ 134,445	\$ 120,394	\$ 488,334	\$ 358,301
Interest and dividend income, net	407	407	49,601	9,201	1,175	-	59,977	-	60,384	58,106
Realized and unrealized gain on investments, net	404	404	51,696	9,717	1,106	-	62,519	-	62,923	402,339
Management fee income (expense)	33,563	33,563	(27,777)	(5,084)	(702)	-	(33,563)	-	-	-
Change in beneficial interest in charitable trust	-	-	-	-	-	(5,056)	(5,056)	-	(5,056)	19,764
Net assets released from restriction - satisfaction of program restrictions	259,608	259,608	(109,425)	(33,000)	(6,300)	(110,883)	(259,608)	-	-	-
<b>Total revenue, gains and other support</b>	<b>527,477</b>	<b>527,477</b>	<b>(35,905)</b>	<b>(19,116)</b>	<b>3,319</b>	<b>10,416</b>	<b>(41,286)</b>	<b>120,394</b>	<b>606,585</b>	<b>838,510</b>
<b>EXPENSES:</b>										
Scholarships	351,438	351,438	-	-	-	-	-	-	351,438	329,359
Campus support	85,993	85,993	-	-	-	-	-	-	85,993	64,181
Administrative fees	10,000	10,000	-	-	-	-	-	-	10,000	10,000
Fundraising	15,056	15,056	-	-	-	-	-	-	15,056	13,026
Special events	26,953	26,953	-	-	-	-	-	-	26,953	18,073
Audit	5,285	5,285	-	-	-	-	-	-	5,285	5,275
Uncollectible pledges	9,191	9,191	-	-	-	-	-	-	9,191	7,290
Other	13,502	13,502	-	-	-	-	-	-	13,502	23,711
<b>Total expenses</b>	<b>517,418</b>	<b>517,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>517,418</b>	<b>470,915</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS</b>	<b>10,059</b>	<b>10,059</b>	<b>(35,905)</b>	<b>(19,116)</b>	<b>3,319</b>	<b>10,416</b>	<b>(41,286)</b>	<b>120,394</b>	<b>89,167</b>	<b>367,595</b>
<b>OTHER CHANGES IN NET ASSETS</b>										
Transfer of Albany Foundation net assets	-	-	265,772	110,549	-	3,926	380,247	2,184,900	2,565,147	-
<b>CHANGE IN NET ASSETS</b>	<b>10,059</b>	<b>10,059</b>	<b>229,867</b>	<b>91,433</b>	<b>3,319</b>	<b>14,342</b>	<b>338,961</b>	<b>2,305,294</b>	<b>2,654,314</b>	<b>367,595</b>
<b>NET ASSETS - beginning of year</b>	<b>(12,420)</b>	<b>(12,420)</b>	<b>1,190,487</b>	<b>522,409</b>	<b>66,262</b>	<b>306,611</b>	<b>2,085,769</b>	<b>1,587,117</b>	<b>3,660,466</b>	<b>3,292,871</b>
<b>NET ASSETS - end of year</b>	<b>\$ (2,361)</b>	<b>\$ (2,361)</b>	<b>\$ 1,420,354</b>	<b>\$ 613,842</b>	<b>\$ 69,581</b>	<b>\$ 320,953</b>	<b>\$ 2,424,730</b>	<b>\$ 3,892,411</b>	<b>\$ 6,314,780</b>	<b>\$ 3,660,466</b>

The accompanying notes are an integral part of these statements.

**STATE UNIVERSITY OF NEW YORK POLYTECHNIC INSTITUTE FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

(With Comparative Totals for 2014)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,654,314	\$ 367,595
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Transfer of temporarily and permanently restricted net assets	(2,561,221)	-
Contributions restricted for long-term purposes	(120,394)	(4,798)
Unrealized and realized gain on investments, net	(62,923)	(402,339)
Loss on disposal of land	-	10,000
Change in beneficial interest in charitable trust	5,056	(19,764)
Changes in:		
Prepaid expenses	-	(817)
Endowment interest income receivable	179	(23)
Pledges receivable	(191,701)	119,258
Deferred revenue	(2,500)	2,500
Accounts payable and accruals	<u>6,974</u>	<u>20,630</u>
Net cash flow from operating activities	<u>(272,216)</u>	<u>92,242</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Proceeds from the sale of investments	36,071	321,954
Purchases of investments	(248,744)	(50,868)
Transfer of net assets for temporarily restricted purposes	<u>376,321</u>	<u>-</u>
Net cash flow from investing activities	<u>163,648</u>	<u>271,086</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions for permanently restricted endowments	120,394	4,798
Transfer of net assets for permanently restricted endowments	<u>2,184,900</u>	<u>-</u>
Net cash flow from financing activities	<u>2,305,294</u>	<u>4,798</u>
<b>NET CHANGE IN CASH</b>	<b>2,196,726</b>	<b>368,126</b>
CASH - beginning of year	<u>518,932</u>	<u>150,806</u>
CASH - end of year	<u>\$ 2,715,658</u>	<u>\$ 518,932</u>
<b>RECONCILIATION OF CASH:</b>		
Cash	\$ 291,779	\$ 518,932
Restricted cash	<u>2,423,879</u>	<u>-</u>
Total cash	<u>\$ 2,715,658</u>	<u>\$ 518,932</u>

The accompanying notes are an integral part of these statements.

# STATE UNIVERSITY OF NEW YORK POLYTECHNIC INSTITUTE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### 1. THE FOUNDATION

The State University of New York Polytechnic Institute Foundation, Inc. (the Foundation), formerly the Institute of Technology Foundation at Utica/Rome, Inc., is a not-for-profit Foundation operating to receive contributions exclusively for charitable, scientific, literary, religious, and educational purposes for the benefit of the faculty, staff, and students of the State University of New York Polytechnic Institute (SUNY Poly).

In January 2015, the State University of New York Institute of Technology (SUNYIT) and State University of New York-University at Albany College of Nanoscale Science and Engineering (CNSE) (collectively, the "Institutions") completed a legal merger resulting in the Institution named SUNY Poly.

As a result of this merger, The University at Albany Foundation transferred approximately \$2.3 million in net assets to the Foundation in 3 installments during 2015. All transfers were completed prior to June 30, 2015. In addition, an outstanding pledge of \$250,000 with 5 years remaining which was previously pledged to The University at Albany Foundation was revised by the donor to instead be payable to the Foundation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Foundation's financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

#### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

#### **Financial Reporting**

The Foundation reports its net assets in the following categories:

- Unrestricted net assets include resources that are available for support of the Foundation's operating activities. In addition, they include resources designated by the Board of Trustees for specific purposes.
- Temporarily restricted net assets represent gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restriction. Donor restrictions satisfied for the year ended June 30, 2015 include assets used for student scholarships and special events.

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

### Financial Reporting (Continued)

- Permanently restricted net assets represent amounts contributed to the Foundation by donors that require the principal amount to be maintained in perpetuity. All dividend and interest income from these assets and all realized and unrealized gains and losses are either temporarily restricted for the use of student scholarships and other activities or are unrestricted.

### Cash

The Foundation maintains its cash in bank demand deposit accounts. The balances in the bank accounts, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

### Financial Instruments Measured at Fair Value

Generally accepted accounting principles (GAAP) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation uses various valuation techniques in determining fair value. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.



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

### **Endowment Funds**

The Foundation's endowments consist of funds established for a variety of purposes and are included in the accompanying balance sheet as endowment. Its endowments consist of permanently restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### **Pledges Receivable**

The Foundation records pledges receivable and contribution revenue in the year the pledge is received. Pledges are recorded at their estimated net present value, based on anticipated cash flow, discounted to reflect the time value of money. The difference between the total pledges outstanding and their net present value is recorded as an offset to pledges and will be recognized as contribution revenue over the term of the pledges. Accounts for which no payments have been received for several months are considered delinquent and the account is written off when customary collection efforts are exhausted. The Foundation has elected to record uncollectible pledges using the direct write off method. GAAP requires that the allowance method be used to recognize bad debt. However, the effect of using the direct write off method is not materially different from the results that would have been obtained under the allowance method.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

### **Investments**

Investments are reported at fair value. Gains on investments of temporarily or permanently restricted net assets are to be classified according to explicit donor-imposed stipulations. Absent donor-imposed stipulations, applicable state law is to be followed. Interest and dividends on investments of the Foundation, other than endowment funds, accrue to the unrestricted fund. Investment income on endowment funds accrues to the specific endowment fund, which generated the income within the fund.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

### **Beneficial Interest in Charitable Trust**

The Foundation has a beneficial interest in a charitable trust. The trust's assets are held by a third party trustee. The Foundation's interest in the charitable trust is recorded at fair value based on quoted market prices. Contribution revenue is recognized as temporarily restricted support at the present value of the estimated future cash receipts from the trust's assets.

### **Donated Services, Property, and Materials**

Volunteers have donated significant amounts of time in support of the Foundation's activities. However, the value of these services is not reflected in the accompanying statements, as these services do not meet the criteria for recognition.

Donated property and materials are recorded at estimated fair value at the date of donation. It is the policy of the Foundation to have the donor provide the fair market value from independent appraisers.

Contributions of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

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

### **Custodial Accounts**

In addition to its primary function, the Foundation performs accounting and other services for various college programs and projects conducted by duly organized and recognized clubs, groups, and associations. In this capacity, the Foundation acts as a custodial and disbursing agent.

### **Income Taxes**

The Foundation is exempt from income taxes as a Foundation qualified under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified by the Internal Revenue Service as an entity which is not a private foundation.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **3. TRANSACTIONS WITH SUNY POLY AND ITS SUPPORT FOUNDATIONS**

The SUNY Poly campus provides a variety of services to the Foundation at no cost, including, but not limited to, facility space, personnel, utilities, and related occupancy costs. The estimated value of this contribution was approximately \$320,000 and \$365,000 for the years ended June 30, 2015 and 2014, respectively. These services are not recorded in the financial statements.

The Foundation's books and records are maintained by the College Association at Utica/Rome, Inc., who engages in various operations for the benefit of students, alumni, and employees of SUNY Poly. The cost of these services for the year ended June 30, 2015 and 2014 was \$10,000.

## **4. FAIR VALUE MEASUREMENTS**

The following valuation techniques were used to measure fair value of assets on a recurring basis as of June 30, 2015 and 2014:

Equity funds - Fair value was based on quoted market prices.

Commonfund - Commonfund management determines net asset values for each of its funds at the end of each month based on the quoted market price of the fund's underlying securities. The investment can be redeemed at the net asset value. Fair value represents the Foundation's proportionate share of the net asset value of the Commonfund's underlying assets. There are no unfunded commitments related to this investment. The Commonfund Multi-Strategy Funds are redeemable on a monthly basis.

There were no changes in valuation methodologies used during 2015 and 2014.

#### 4. FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at June 30, 2015:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments:				
Equity funds	\$ 38,324	\$ -	\$ -	\$ 38,324
Commonfund - Multi-Strategy Bond Fund	-	1,028,288	-	1,028,288
Commonfund - Multi-Strategy Equity Fund	-	2,105,249	-	2,105,249
Beneficial interest in charitable trust	<u>-</u>	<u>66,411</u>	<u>-</u>	<u>66,411</u>
	<u>\$ 38,324</u>	<u>\$ 3,199,948</u>	<u>\$ -</u>	<u>\$ 3,238,272</u>

The following are measured at fair value on a recurring basis at June 30, 2014:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Investments:				
Equity funds	\$ 30,822	\$ -	\$ -	\$ 30,822
Commonfund - Multi-Strategy Bond Fund	-	1,051,626	-	1,051,626
Commonfund - Multi-Strategy Equity Fund	-	1,810,735	-	1,810,735
Beneficial interest in charitable trust	<u>-</u>	<u>71,467</u>	<u>-</u>	<u>71,467</u>
	<u>\$ 30,822</u>	<u>\$ 2,933,828</u>	<u>\$ -</u>	<u>\$ 2,964,650</u>

The Foundation invests in the Commonfund Multi-Strategy Equity and Bond Fund that pursue multiple strategies to diversify risks and reduce volatility. The Multi-Strategy Equity Fund allocates assets across a broad spectrum of public equity investments in proportions considered optimal for a fully diversified equity portfolio. The majority of the fund's assets generally will be invested directly or indirectly in a portfolio of common stocks, and securities convertible into common stocks of U.S. companies. The Multi-Strategy Bond Fund allocates assets across a broad spectrum of fixed income sectors in proportions considered optimal for a fully diversified fixed income portfolio. The majority of the fund's assets generally will be invested directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market.

## 5. INVESTMENTS

Investments consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Equity funds	\$ 38,324	\$ 30,822
Commonfund - Multi-strategy bond fund	1,028,288	1,051,626
Commonfund - Multi-strategy equity fund	<u>2,105,249</u>	<u>1,810,735</u>
	<u>\$ 3,171,861</u>	<u>\$ 2,893,183</u>

Investment income, including income derived from cash and equivalents, consisted of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 60,384	\$ 58,106
Unrealized and realized gains, net	62,923	402,339
Management fees	<u>(12,630)</u>	<u>(11,515)</u>
	<u>\$ 110,677</u>	<u>\$ 448,930</u>

Management fees are included in other expenses in the accompanying statement of activities and change in net assets.

## 6. BENEFICIAL INTEREST IN CHARITABLE TRUST

Beneficial interest in charitable trust consists of a perpetual trust agreement in which the Foundation is a named beneficiary.

	<u>2015</u>	<u>2014</u>
Market value of charitable trust	\$ 85,671	\$ 92,194
Less: Discount to present value	<u>(19,260)</u>	<u>(20,727)</u>
Beneficial interest in charitable trust	<u>\$ 66,411</u>	<u>\$ 71,467</u>

## 7. PLEDGES RECEIVABLE

Pledges are recorded at a discount rate of 1%. Pledges receivable consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Gross pledges receivable	\$ 416,945	\$ 225,244
Less: Current portion	<u>(172,833)</u>	<u>(24,157)</u>
	<u>\$ 244,112</u>	<u>\$ 201,087</u>

Outstanding pledges are due to the Foundation as follows for the years ending June 30:

2016	\$ 172,833
2017	147,533
2018	48,530
2019	<u>48,049</u>
	<u>\$ 416,945</u>

## 8. ENDOWMENT

Endowment net asset composition by type of fund as of June 30, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 1,420,354	\$ 3,892,411	\$ 5,312,765
Total endowment funds	<u>\$ 1,420,354</u>	<u>\$ 3,892,411</u>	<u>\$ 5,312,765</u>

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 1,190,487	\$ 1,587,117	\$ 2,777,604
Total endowment funds	<u>\$ 1,190,487</u>	<u>\$ 1,587,117</u>	<u>\$ 2,777,604</u>

## 8. ENDOWMENT (Continued)

Changes in endowment net assets were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	\$ 917,039	\$ 1,582,319	\$ 2,499,358
Contributions	-	4,798	4,798
Investment income	48,277	-	48,277
Realized/unrealized gain	331,936	-	331,936
Grants paid	(78,675)	-	(78,675)
Administrative fees	<u>(28,090)</u>	<u>-</u>	<u>(28,090)</u>
Endowment net assets, July 1, 2014	1,190,487	1,587,117	2,777,604
Contributions	-	120,394	120,394
Investment income	49,601	-	49,601
Realized/unrealized gain	51,696	-	51,696
Grants paid	(109,425)	-	(109,425)
Transfers	265,772	2,184,900	2,450,672
Administrative fees	<u>(27,777)</u>	<u>-</u>	<u>(27,777)</u>
Endowment net assets, June 30, 2015	<u>\$ 1,420,354</u>	<u>\$ 3,892,411</u>	<u>\$ 5,312,765</u>

### Interpretation of Relevant Law

New York Not-for-Profit Corporation Law was amended to add a new article known as the "Prudent Management of Institutional Funds Act," which became effective in September 2010. The Foundation's Board of Directors has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income. The Foundation also observes the Uniform Management of Institutional Funds Act protection of the historic gift value of individual endowment funds.

### Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as unrestricted net assets. There were no deficiencies reported at June 30, 2015 or 2014, respectively.

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments 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(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve capital, considering the impact of inflation, strive for consistent annual total returns, achieve long-term total returns which meet or exceed inflation, plus spending for operations and grants and earn the highest possible return given the risk tolerance established by the Foundation.

## 8. ENDOWMENT (Continued)

### Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) 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.

### Endowment Spending Policy and Investment Objectives

The Foundation uses the total return strategy for endowment fund income. Under this concept, endowment income to be distributed was established at 4.75%, based upon the average of the market value of the endowment assets accounts. If the total return amount exceeds the actual earnings of the endowment funds in any one year, then the amount needed to fund such excess will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of endowment funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the endowment fund balance.

## 9. FUNCTIONAL EXPENSES

The following represents the Foundation's expense information on a functional basis at June 30:

	<u>2015</u>	<u>2014</u>
Program services	\$ 437,431	\$ 403,540
General and administrative	42,223	42,492
Fundraising and special events	<u>37,764</u>	<u>24,883</u>
	<u>\$ 517,418</u>	<u>\$ 470,915</u>

## 10. COMMITMENT

The Foundation has committed to providing expenditures of approximately \$160,000 toward scholarships to SUNY Poly students in the 2015 - 2016 fiscal year. This amount is not included in scholarship expense for the year ended June 30, 2015 as it is conditional on the students enrolling and attending classes at SUNY Poly in September 2015.

## 11. SUBSEQUENT EVENTS

During July 2015, the Foundation received an unrestricted pledge for a \$500,000 contribution to be paid in annual installments with the first installment being received in July 2015.

On August 31, 2015, the Foundation transferred approximately \$2,100,000 of restricted cash received from The University of Albany Foundation to the Common Fund, which will be invested in accordance with the Foundation's investment policy.

Subsequent events have been evaluated through September 23, 2015 which is the date the financial statements were available to be issued.

**STATE UNIVERSITY OF NEW YORK POLYTECHNIC INSTITUTE FOUNDATION, INC.**

**UNRESTRICTED INCOME AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

(With Comparative Totals for 2014)

	<u>2015</u>	<u>2014</u>
REVENUE:		
Unrestricted gifts -		
Alumni	\$ 40,259	\$ 47,067
Corporations	27,909	27,635
Corporate matching	3,871	2,979
Faculty/staff	31,940	16,960
Other	129,516	129,601
Realized and unrealized gain (loss) on investments, net	404	(243)
Investment and dividend income, net	407	(339)
Management fee assessment	33,563	34,007
Satisfaction of program restrictions	<u>259,608</u>	<u>199,259</u>
 Total unrestricted revenue	 <u>527,477</u>	 <u>456,926</u>
EXPENSES:		
Scholarships -		
Minority	7,250	3,000
Merit	344,188	326,359
Campus support and development	85,993	64,181
Administrative fees	10,000	10,000
Dues and subscriptions	4,106	4,446
Phonathon wages and services	10,811	6,810
Meetings	139	1,770
Audit	5,285	5,275
Events	26,953	18,073
Uncollectible pledges	9,191	7,290
Other	<u>13,502</u>	<u>23,711</u>
 Total unrestricted expenses	 <u>517,418</u>	 <u>470,915</u>
 EXCESS OF REVENUE OVER EXPENSES	 <u>\$ 10,059</u>	 <u>\$ (13,989)</u>

The accompanying notes are an integral part of this exhibit.