



# THE BARUCH COLLEGE FUND

(a wholly controlled entity)

FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009



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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
The Baruch College Fund  
New York, New York

We have audited the accompanying statements of financial position of The Baruch College Fund (a wholly controlled entity) (the "Fund") as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of The Baruch College Fund as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*EisnerAmper LLP*

New York, New York  
October 7, 2010

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Statements of Financial Position**

|   | June 30,            |                        |                        |                       |                     |                        |                        |                       |
|---|---------------------|------------------------|------------------------|-----------------------|---------------------|------------------------|------------------------|-----------------------|
|   | 2010                |                        |                        |                       | 2009                |                        |                        |                       |
|   | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total                 | Unrestricted        | Temporarily Restricted | Permanently Restricted | Total                 |
| <b>ASSETS</b>                                   |                     |                        |                        |                       |                     |                        |                        |                       |
| Cash and cash equivalents                       | \$ 3,177,808        |                        |                        | \$ 3,177,808          | \$ 2,721,155        |                        |                        | \$ 2,721,155          |
| Contributions receivable                        | 4,515,747           | \$ 10,980,819          | \$ 8,324,930           | 23,821,496            | 3,547,675           | \$ 11,270,659          | \$ 8,545,382           | 23,363,716            |
| Art sale receivable                             | 349,980             |                        |                        | 349,980               |                     |                        |                        |                       |
| Investments                                     |                     | 17,182,959             | 73,967,548             | 91,150,507            |                     | 15,236,543             | 69,980,819             | 85,217,362            |
| Due (to) from temporarily restricted investment | (1,002,704)         | 1,002,704              |                        | 0                     | (734,978)           | 734,978                |                        | 0                     |
| Annuity interests                               |                     | 2,165,436              |                        | 2,165,436             |                     | 2,034,108              |                        | 2,034,108             |
| Beneficial interest in remainder trust          |                     | 4,583,152              |                        | 4,583,152             |                     | 4,583,152              |                        | 4,583,152             |
| Prepaid expenses                                | 636,730             | 2,000                  |                        | 638,730               | 583,288             |                        |                        | 583,288               |
| Artwork   |                     |                        |                        |                       | 1,324,848           |                        |                        | 1,324,848             |
|   | <u>\$ 7,677,561</u> | <u>\$ 35,917,070</u>   | <u>\$ 82,292,478</u>   | <u>\$ 125,887,109</u> | <u>\$ 7,441,988</u> | <u>\$ 33,859,440</u>   | <u>\$ 78,526,201</u>   | <u>\$ 119,827,629</u> |
| <b>LIABILITIES AND NET ASSETS</b>               |                     |                        |                        |                       |                     |                        |                        |                       |
| Accounts payable and accrued expenses           | \$ 495,460          |                        |                        | \$ 495,460            | \$ 1,010,762        |                        |                        | \$ 1,010,762          |
| Annuity obligations                             |                     | \$ 1,301,598           |                        | 1,301,598             |                     | \$ 1,302,725           |                        | 1,302,725             |
| Total liabilities                               | <u>495,460</u>      | <u>1,301,598</u>       |                        | <u>1,797,058</u>      | <u>1,010,762</u>    | <u>1,302,725</u>       |                        | <u>2,313,487</u>      |
| Net assets:                                     |                     |                        |                        |                       |                     |                        |                        |                       |
| Unrestricted                                    | 7,182,101           |                        |                        | 7,182,101             | 6,431,226           |                        |                        | 6,431,226             |
| Temporarily restricted                          |                     | 34,615,472             |                        | 34,615,472            |                     | 32,556,715             |                        | 32,556,715            |
| Permanently restricted                          |                     |                        | \$ 82,292,478          | 82,292,478            |                     |                        | \$ 78,526,201          | 78,526,201            |
| Total net assets                                | <u>7,182,101</u>    | <u>34,615,472</u>      | <u>82,292,478</u>      | <u>124,090,051</u>    | <u>6,431,226</u>    | <u>32,556,715</u>      | <u>78,526,201</u>      | <u>117,514,142</u>    |
|   | <u>\$ 7,677,561</u> | <u>\$ 35,917,070</u>   | <u>\$ 82,292,478</u>   | <u>\$ 125,887,109</u> | <u>\$ 7,441,988</u> | <u>\$ 33,859,440</u>   | <u>\$ 78,526,201</u>   | <u>\$ 119,827,629</u> |

See notes to financial statements

# THE BARUCH COLLEGE FUND

(a wholly controlled entity)

## Statement of Activities

Year Ended June 30, 2010

(with summarized financial information for 2009)

|  |                     |                        |                        | Total                 |                       |
|--|---------------------|------------------------|------------------------|-----------------------|-----------------------|
|  | Unrestricted        | Temporarily Restricted | Permanently Restricted | 2010                  | 2009                  |
| <b>Revenue and support:</b>  |                     |                        |                        |                       |                       |
| Contribution income  | \$ 2,991,098        | \$ 3,246,870           | \$ 3,766,277           | \$ 10,004,245         | \$ 8,611,418          |
| Net investment income  | 912,865             | 7,825,012              |                        | 8,737,877             | (15,844,736)          |
| Special events, net of direct benefit to donors of \$97,200 and \$116,973 in 2010 and 2009, respectively | 545,110             |                        |                        | 545,110               | 872,764               |
| Change in value of split-interest agreements   |                     | 58,663                 |                        | 58,663                | (487,770)             |
| Gain on sale of artwork  | 538,596             |                        |                        | 538,596               |                       |
|  | <u>4,987,669</u>    | <u>11,130,545</u>      | <u>3,766,277</u>       | <u>19,884,491</u>     | <u>(6,848,324)</u>    |
| Net assets released from restrictions  | <u>9,071,788</u>    | <u>(9,071,788)</u>     |                        | <u>0</u>              | <u>0</u>              |
| Total revenue and support  | <u>14,059,457</u>   | <u>2,058,757</u>       | <u>3,766,277</u>       | <u>19,884,491</u>     | <u>(6,848,324)</u>    |
| <b>Expenses:</b>   |                     |                        |                        |                       |                       |
| Program services:  |                     |                        |                        |                       |                       |
| Scholarships and awards  | 1,862,084           |                        |                        | 1,862,084             | 1,689,879             |
| Grant expenses to and for Baruch College of the City University of New York                              | 8,951,506           |                        |                        | 8,951,506             | 11,036,886            |
| Total program services   | <u>10,813,590</u>   |                        |                        | <u>10,813,590</u>     | <u>12,726,765</u>     |
| Supporting services:   |                     |                        |                        |                       |                       |
| Management and general   | 595,399             |                        |                        | 595,399               | 657,135               |
| Fund-raising   | 1,899,593           |                        |                        | 1,899,593             | 2,416,416             |
| Total supporting services  | <u>2,494,992</u>    |                        |                        | <u>2,494,992</u>      | <u>3,073,551</u>      |
| Total expenses   | <u>13,308,582</u>   |                        |                        | <u>13,308,582</u>     | <u>15,800,316</u>     |
| Change in net assets   | 750,875             | 2,058,757              | 3,766,277              | 6,575,909             | (22,648,640)          |
| Net assets - beginning of year   | \$ 6,431,226        | \$ 32,556,715          | \$ 78,526,201          | \$ 117,514,142        | 140,162,782           |
| Net assets - end of year   | <u>\$ 7,182,101</u> | <u>\$ 34,615,472</u>   | <u>\$ 82,292,478</u>   | <u>\$ 124,090,051</u> | <u>\$ 117,514,142</u> |

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Statement of Activities**  
**Year Ended June 30, 2009**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| <b>Revenue and support:</b>   |                     |                                   |                                   |                       |
| Contribution Income   | \$ 1,877,114        | \$ 3,943,705                      | \$ 2,790,599                      | \$ 8,611,418          |
| Net investment income   | (340,757)           | (15,503,979)                      |                                   | (15,844,736)          |
| Special events, net of direct benefit<br>to donors of \$116,973 and \$123,130<br>in 2009 and 2008, respectively | 872,764             |                                   |                                   | 872,764               |
| Change in value of split-interest<br>agreements   |                     | (487,770)                         |                                   | (487,770)             |
|   | <u>2,409,121</u>    | <u>(12,048,044)</u>               | <u>2,790,599</u>                  | <u>(6,848,324)</u>    |
| Net assets released from restrictions   | <u>9,541,486</u>    | <u>(9,541,486)</u>                |                                   | <u>0</u>              |
| <b>Total revenue and support</b>  | <u>11,950,607</u>   | <u>(21,589,530)</u>               | <u>2,790,599</u>                  | <u>(6,848,324)</u>    |
| <b>Expenses:</b>  |                     |                                   |                                   |                       |
| <b>Program services:</b>  |                     |                                   |                                   |                       |
| Scholarships and awards   | 1,689,879           |                                   |                                   | 1,689,879             |
| Grant expenses to and for Baruch<br>College of the City University<br>of New York                               | <u>11,036,886</u>   |                                   |                                   | <u>11,036,886</u>     |
| <b>Total program services</b>   | <u>12,726,765</u>   |                                   |                                   | <u>12,726,765</u>     |
| <b>Supporting services:</b>   |                     |                                   |                                   |                       |
| Management and general  | 657,135             |                                   |                                   | 657,135               |
| Fund-raising  | <u>2,416,416</u>    |                                   |                                   | <u>2,416,416</u>      |
| <b>Total supporting services</b>  | <u>3,073,551</u>    |                                   |                                   | <u>3,073,551</u>      |
| <b>Total expenses</b>   | <u>15,800,316</u>   |                                   |                                   | <u>15,800,316</u>     |
| <b>Change in net assets</b>   | <u>(3,849,709)</u>  | <u>(21,589,530)</u>               | <u>2,790,599</u>                  | <u>(22,648,640)</u>   |
| Net assets - beginning of year - as restated  | <u>10,280,935</u>   | <u>54,146,245</u>                 | <u>75,735,602</u>                 | <u>140,162,782</u>    |
| <b>Net assets - end of year</b>   | <u>\$ 6,431,226</u> | <u>\$ 32,556,715</u>              | <u>\$ 78,526,201</u>              | <u>\$ 117,514,142</u> |

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Statements of Functional Expenses**

|  | Year Ended June 30, 2010 |                        |                     |                      | Year Ended June 30, 2009 |                        |                     |                      |
|--|--------------------------|------------------------|---------------------|----------------------|--------------------------|------------------------|---------------------|----------------------|
|  | Supporting Services      |                        |                     | Total                | Supporting Services      |                        |                     | Total                |
|  | Program Services         | Management and General | Fund-Raising        |                      | Program Services         | Management and General | Fund-Raising        |                      |
| Scholarships and awards  | \$ 1,862,084             |                        |                     | \$ 1,862,084         | \$ 1,689,879             |                        |                     | \$ 1,689,879         |
| Grant expenses to and for Baruch College of the City University of New York (Note F) | 8,951,506                |                        |                     | 8,951,506            | 11,036,886               |                        |                     | 11,036,886           |
| Salaries and benefits  |                          | \$ 343,860             | \$ 1,156,110        | 1,499,970            |                          | \$ 386,795             | \$ 1,248,087        | 1,634,882            |
| Special events   |                          |                        | 161,869             | 161,869              |                          |                        | 217,003             | 217,003              |
| Investment fees  |                          | 106,476                |                     | 106,476              |                          | 77,874                 |                     | 77,874               |
| Advertising  |                          |                        |                     |                      |                          |                        | 10,553              | 10,553               |
| Occupancy costs  |                          | 26,205                 |                     | 26,205               |                          | 31,236                 |                     | 31,236               |
| Printing and publications  |                          | 370                    | 48,931              | 49,301               |                          | 77                     | 183,434             | 183,511              |
| Other  |                          | 118,488                | 532,683             | 651,171              |                          | 161,153                | 757,339             | 918,492              |
|  | <u>\$ 10,813,590</u>     | <u>\$ 595,399</u>      | <u>\$ 1,899,593</u> | <u>\$ 13,308,582</u> | <u>\$ 12,726,765</u>     | <u>\$ 657,135</u>      | <u>\$ 2,416,416</u> | <u>\$ 15,800,316</u> |

See notes to financial statements

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Statements of Cash Flows**

|  | <b>Year Ended June 30,</b> |                     |
|--|----------------------------|---------------------|
|  | <b>2010</b>                | <b>2009</b>         |
| <b>Cash flows from operating activities:</b>   |                            |                     |
| Change in net assets   | \$ 6,575,909               | \$ (22,648,640)     |
| Adjustments to reconcile change in net assets to net cash used in operating activities:                  |                            |                     |
| Contributions to permanently restricted net assets   | (3,766,277)                | (2,790,599)         |
| Realized and unrealized (gains) losses on investments  | (8,522,695)                | 16,881,607          |
| Gain on sale of artwork  | (538,596)                  |                     |
| Donated stock  | (408,220)                  | (78,147)            |
| Change in value of split-interest agreements   | (1,127)                    | 487,770             |
| Changes in:  |                            |                     |
| Beneficial interest in remainder trust and annuity interest and obligations, net                         | (131,328)                  | 1,807,665           |
| Contributions receivable   | (457,779)                  | 3,485,769           |
| Art sales receivable   | (349,980)                  |                     |
| Prepaid expenses and other assets  | (55,442)                   | (456,596)           |
| Accounts payable and accrued expenses  | (515,302)                  | 612,307             |
| Deferred revenue   |                            | (50,000)            |
| Net cash used in operating activities  | <u>(8,170,837)</u>         | <u>(2,748,864)</u>  |
| <b>Cash flows from investing activities:</b>   |                            |                     |
| Proceeds from sales of artwork   | 1,863,444                  |                     |
| Proceeds from sales of investments   | 25,330,167                 | 53,270,598          |
| Purchases of investments   | <u>(22,332,398)</u>        | <u>(51,282,263)</u> |
| Net cash provided by investing activities  | <u>4,861,213</u>           | <u>1,988,335</u>    |
| <b>Cash flows from financing activities:</b>   |                            |                     |
| Contributions to permanently restricted net assets   | <u>3,766,277</u>           | <u>2,790,599</u>    |
| Net increase in cash and cash equivalents  | 456,653                    | 2,030,070           |
| Cash and cash equivalents, beginning of year   | <u>2,721,155</u>           | <u>691,085</u>      |
| Cash and cash equivalents, end of year   | <u>\$ 3,177,808</u>        | <u>\$ 2,721,155</u> |
| <b>Supplemental disclosure of non-cash financing activity:</b>   |                            |                     |
| Permanently restricted contributions to endowments not received and included in contributions receivable | <u>\$ 8,324,930</u>        | <u>\$ 8,545,382</u> |

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**[1] Organization:**

The Baruch College Fund (the "Fund") is an educational corporation engaged in generating, encouraging and promoting the educational welfare of the students of The Baruch College of the City University of New York (the "College").

The Fund, which is a wholly controlled entity of the College, (i) has been determined by the Internal Revenue Service to qualify as a Type III supporting organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and (ii) has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code. In addition, the Fund is exempt from state and local income taxes under comparable laws. The Fund is supported primarily by contributions and qualifies for charitable-contribution deductions by donors.

**[2] Financial reporting:**

**(a) Basis of accounting:**

The accompanying financial statements of the Fund have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

**(b) Functional allocation of expenses:**

The costs of providing the Fund's program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program, administrative and fund-raising categories using bases determined by management.

**(c) Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**(d) Cash and cash equivalents:**

All highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents for financial-statement reporting.



**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[2] Financial reporting: (continued)**

**(e) Investments:**

Investments in fixed-income and equity securities are reported at their fair values, based on quoted market prices and exchange rates, if applicable. Investments in investment funds and limited partnerships ("alternative investments") are carried at their original cost basis and are adjusted to fair values based upon the valuation of the underlying assets as provided by the fund managers. Management of the Fund reviews and evaluates the values provided by those investment managers and believes the carrying amount of such alternative investments to be reasonable estimates of their fair values. Estimated fair values may differ significantly from the values that would have been reported had a ready market for these securities existed.

Donated securities are recorded at their fair values as of the dates of the donation.

**(f) Fair-value measurement:**

The Fund reports a fair-value measurement of all applicable financial assets and liabilities, including investments, pledges receivable and short-term payables. (For the fair valuation of investments, see Note C.)

**(g) Split-interest agreements:**

The Fund is the beneficiary of planned gifts under certain split-interest agreements. The Fund's split-interest agreements include irrevocable charitable remainder unitrusts ("CRUTs"), charitable remainder annuity trusts ("CRATs") and charitable gift annuities.

CRUTs are trusts that donors have established and funded and under which specified distributions are to be made to a designated beneficiary or beneficiaries over the trust's term. The Fund's beneficial interest in its CRUTs is recorded based on the present value of the Fund's estimated future cash receipts from the trusts. In fiscal-years 2010 and 2009, based on the then-current financial market conditions, the Fund estimated the present value of its beneficial interest in its CRUTs using an investment return rate (net of trustee fees and other expenses) of 7%, and a discount rate of 5.6%, commensurate with the risks involved. The initial gift and any subsequent adjustments to the CRUTs' carrying values are recognized as temporarily restricted changes in the value of split-interest agreements. The Fund is not the trustee of its CRUTs.

The Fund's CRATs and charitable gift annuities require an annuity to be paid to donors or the donors' beneficiaries, funded by the donated assets, over a designated period of time or the beneficiaries' lifetimes, with the remainder becoming a gift to the Fund. The actuarially determined liability is recorded based on the terms of the gifts, and the difference between the present value of the estimated liability and the fair values of the gifts are recognized as revenue at the time of each gift. The Fund maintains assets, principally marketable securities included in annuity interests in the accompanying statements of financial position, sufficient to meet the CRATs and charitable gift annuities requirements, as stipulated by various state laws.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[2] Financial reporting: (continued)**

**(h) Net assets:**

The net assets of the Fund and changes therein are classified and reported as follows:

**(i) *Unrestricted:***

Unrestricted net assets represent those resources not subject to donor restrictions. All net assets designated as unrestricted are subject to oversight by the Board of Trustees and its designated committees. These unrestricted net assets may be used solely for purposes which have received prior approval by the Board.

**(ii) *Temporarily restricted:***

Temporarily restricted net assets represent those resources subject to donor-imposed requirements that will be fulfilled either by actions of the Fund or the passage of time. Net assets released from restrictions reflect the fulfillment of the restricted purposes specified by the donors.

**(iii) *Permanently restricted:***

Permanently restricted net assets represent those resources subject to donor-imposed requirements that the underlying assets be maintained permanently by the Fund. Income and net capital appreciation from all permanently restricted assets are available for unrestricted purposes, as stipulated by the donors.

**(l) Endowment funds:**

The Fund reports all applicable disclosures to its donor-restricted funds treated as endowment.

**(j) Contributions:**

Contributions are recognized as revenue in the accompanying statements of activities upon the receipt of cash, securities or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donors. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

**(k) Advertising:**

The Fund expenses the cost of advertising as incurred.

**(l) Reclassification of financial information:**

Certain amounts have been reclassified in prior years to conform with the current year's presentation. The Fund's net assets balances as of July 1, 2008 and July 1, 2009 have been restated and reclassified to reflect adjustments for contributions that more appropriately reflect donor's intent.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[2] Financial reporting: (continued)**

(m) Income tax uncertainties:

In fiscal-year 2009, the Fund adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Fund's general tax-exempt status, the adoption of ASC 740-10-05 has not had, and is not expected to have, a material impact on the Fund's financial statements.

(n) Subsequent events:

The Fund considers the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through the date of the independent auditors' report.

**NOTE B - CONTRIBUTIONS RECEIVABLE**

Contribution amounts promised unconditionally to the Fund, but not yet collected by the fiscal year-end, have been recorded as contributions receivable using discount rates ranging from 2% to 6%. At each fiscal year-end, the Fund's contributions receivable were estimated to be due as follows:

|  | June 30,             |                      |
|--|----------------------|----------------------|
|  | 2010                 | 2009                 |
| Gross amounts due in:                    |                      |                      |
| Less than one year                       | \$ 8,939,787         | \$ 6,049,199         |
| One to five years                        | 5,661,823            | 8,968,525            |
| More than five years                     | <u>15,990,456</u>    | <u>15,935,331</u>    |
|  | 30,592,066           | 30,953,055           |
| Less discount to present value           | (6,620,570)          | (7,439,339)          |
| Less allowance for uncollectible amounts | <u>(150,000)</u>     | <u>(150,000)</u>     |
|  | <u>\$ 23,821,496</u> | <u>\$ 23,363,716</u> |

At June 30, 2010, the Fund estimates that, based on past history and subsequent collections, contributions receivable will be substantially collected in full. Accordingly, no additional allowance for uncollectible amounts has been provided.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE C - INVESTMENTS**

**[1] Investments in marketable securities:**

At each fiscal year-end, the fair value of investments were as follows:

|                                      | <b>June 30,</b>      |                      |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>2010</b>          | <b>2009</b>          |
| Money-market funds                   | \$ 16,297,940        | \$ 15,932,089        |
| U.S. Treasury bills and notes        | 169,316              | 16,093,294           |
| Investment funds:                    |                      |                      |
| Mutual fund - equity                 | 3,779,676            | 3,179,798            |
| Other commingled investment vehicles | 16,476,246           | 9,836,813            |
| Equity securities                    | 15,262,073           | 12,142,360           |
| Fixed-income securities              | 8,947,979            |                      |
| Alternative investments              | 30,217,277           | 28,033,008           |
|                                      | <u>\$ 91,150,507</u> | <u>\$ 85,217,362</u> |

**[2] Investment income:**

During each fiscal year, investment income was recognized as follows:

|   | <b>Year Ended June 30,</b> |                        |
|---|----------------------------|------------------------|
|   | <b>2010</b>                | <b>2009</b>            |
| Interest and dividends                                | \$ 215,182                 | \$ 958,724             |
| Realized and unrealized gains (losses) on investments | <u>8,522,695</u>           | <u>(16,803,460)</u>    |
|   | <u>\$ 8,737,877</u>        | <u>\$ (15,844,736)</u> |

Fair-value measurement as defined in ASC 820-10-05 prescribes three levels of fair-value measurement as follows:

**Level 1:** Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. The types of investments included in Level 1 are exchange-traded equity and debt securities, short-term money-market funds, and mutual funds.

**Level 2:** Valuations are based on (i) quoted prices for similar assets or liabilities in active markets or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include alternative investments that are redeemable at or near the balance sheet date.

**Level 3:** Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. Level 3 assets include those privately held investments and securities held in limited offshore hedge funds, limited partnerships and limited liability companies.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE C - INVESTMENTS (CONTINUED)**

The following table summarizes the fair value of the Fund's assets and liabilities at each fiscal year-end, in accordance with the ASC 820-10-05 valuation levels:

|  | June 30, 2010 |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Level 1       | Level 2       | Level 3       | Total         |
| Investments:                           |               |               |               |               |
| Money-market funds                     | \$ 16,297,940 |               |               | \$ 16,297,940 |
| U.S. Treasury bills and notes          | 169,316       |               |               | 169,316       |
| Investment funds:                      |               |               |               |               |
| Mutual fund - equity                   | 3,779,676     |               |               | 3,779,676     |
| Other commingled investment vehicle    |               | \$ 16,476,246 |               | 16,476,246    |
| Equity securities                      | 15,262,073    |               |               | 15,262,073    |
| Fixed-income securities                | 8,947,979     |               |               | 8,947,979     |
| Alternative investments                |               | 17,444,700    | \$ 12,772,577 | 30,217,277    |
|  | 44,456,984    | 33,920,946    | 12,772,577    | 91,150,507    |
| Other Level 3:                         |               |               |               |               |
| Annuity interests                      |               |               | 2,165,436     | 2,165,436     |
| Beneficial interest in remainder trust |               |               | 4,583,152     | 4,583,152     |
| Total funds                            | \$ 44,456,984 | \$ 33,920,946 | \$ 19,521,165 | \$ 97,899,095 |

|  | June 30, 2009        |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | Level 1              | Level 3              | Total                |
| <b>Investments:</b>                    |                      |                      |                      |
| Money-market funds                     | \$ 15,932,089        |                      | \$ 15,932,089        |
| U.S. Treasury bills and notes          | 16,093,294           |                      | 16,093,294           |
| Investment funds:                      |                      |                      |                      |
| Mutual fund - equity                   | 3,179,798            |                      | 3,179,798            |
| Other commingled investment vehicles   | 9,836,813            |                      | 9,836,813            |
| Equity securities                      | 12,142,360           |                      | 12,142,360           |
| Alternative investments                |                      | \$ 28,033,008        | 28,033,008           |
|  | 57,184,354           | 28,033,008           | 85,217,362           |
| <b>Other Level 3:</b>                  |                      |                      |                      |
| Annuity interests                      |                      | 2,034,108            | 2,034,108            |
| Beneficial interest in remainder trust |                      | 4,583,152            | 4,583,152            |
| <b>Total funds</b>                     | <b>\$ 57,184,354</b> | <b>\$ 34,650,268</b> | <b>\$ 91,834,622</b> |

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE C - INVESTMENTS (CONTINUED)**

The following tables summarize the activity for financial instruments classified as Level 3:

|                             | June 30, 2010              |                      |                        |                      |
|-----------------------------|----------------------------|----------------------|------------------------|----------------------|
|                             | Alternative<br>Investments | Annuity<br>Interests | Beneficial<br>Interest | Total                |
| Balance - July 3, 2009      | \$ 28,033,008              | \$ 2,034,108         | \$ 4,583,152           | \$ 34,650,268        |
| Net purchases/sales         | (2,500,000)                |                      |                        | (2,500,000)          |
| Reclassification to Level 2 | (12,760,431)               |                      |                        | (12,760,431)         |
| Amounts paid to annuitants  |                            | (203,007)            |                        | (203,007)            |
| Net investment gains        |                            | 334,335              |                        | 334,335              |
| Balance - June 30, 2010     | <u>\$ 12,772,577</u>       | <u>\$ 2,165,436</u>  | <u>\$ 4,583,152</u>    | <u>\$ 19,521,165</u> |

|   | June 30, 2009              |                      |                        |                      |
|---|----------------------------|----------------------|------------------------|----------------------|
|   | Alternative<br>Investments | Annuity<br>Interests | Beneficial<br>Interest | Total                |
| Balance - July 1, 2008                          | \$ 25,461,727              | \$ 5,168,495         | \$ 4,583,152           | \$ 35,213,374        |
| Net purchases/sales                             | 6,625,000                  |                      |                        | 6,625,000            |
| Amounts paid to annuitants                      |                            | (156,058)            |                        | (156,058)            |
| Amount recognized in<br>satisfaction of annuity |                            | (2,490,559)          |                        | (2,490,559)          |
| Net investment losses                           | (4,053,719)                | (487,770)            |                        | (4,541,489)          |
| Balance - June 30, 2009                         | <u>\$ 28,033,008</u>       | <u>\$ 2,034,108</u>  | <u>\$ 4,583,152</u>    | <u>\$ 34,650,268</u> |

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

At each year-end, temporarily restricted net assets were restricted for student support and payments to and for the College, and amounted to \$34,615,472 and \$32,556,715, respectively. Net assets released from restriction for this purpose were \$9,071,788 and \$9,541,486 for fiscal-years 2010 and 2009, respectively.

**NOTE E - ARTWORK SALES**

During the fiscal year ended June 30, 2010, the Fund sold its art collection for approximately \$1,863,000, recognizing a gain of approximately \$539,000 which is included in the accompanying statements of activities. Subsequent to fiscal year-end, the Fund received proceeds of \$349,980 resulting from the sale of the artwork which was consummated prior to June 30, 2010, and reported \$349,980 as art sales receivable in the accompanying statements of financial position. The remaining two pieces will be sold in the Fall 2010 with proceeds amount undeterminable at June 30, 2010.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE F - GRANT EXPENSES**

The Fund budgets and allocates resources to support activities of the College on an accrual basis. Funding for these activities by division was as follows:

|                                    | Year Ended June 30, |                      |
|------------------------------------|---------------------|----------------------|
|                                    | 2010                | 2009                 |
| President's office                 | \$ 549,743          | \$ 705,198           |
| Provost's office:                  |                     |                      |
| Academic affairs - general         | 1,188,029           | 2,254,286            |
| School of Public Affairs           | 251,935             | 345,539              |
| Weissman School of Arts & Sciences | 1,142,867           | 934,361              |
| Zicklin School of Business         | 5,681,739           | 5,695,632            |
|                                    | <u>8,264,570</u>    | <u>9,229,818</u>     |
| Student development                | <u>137,193</u>      | <u>1,101,870</u>     |
|                                    | <u>\$ 8,951,506</u> | <u>\$ 11,036,886</u> |

Funding for these activities, by classification, was as follows:

|  | Year Ended June 30, |                      |
|--|---------------------|----------------------|
|  | 2010                | 2009                 |
| Salaries and benefits                    | \$ 6,270,906        | \$ 8,032,306         |
| Grants and other support                 | 1,061,690           | 930,560              |
| Postage and printing                     | 168,065             | 279,102              |
| Seminars, conferences and other meetings | 633,948             | 523,765              |
| Dues and subscriptions                   | 176,281             | 238,699              |
| Travel                                   | 122,725             | 346,254              |
| Supplies                                 | 128,991             | 107,591              |
| Consulting                               | 5,421               | 57,402               |
| Advertising                              | 82,276              | 162,146              |
| Honoraria                                | 32,083              | 94,945               |
| Renovations and equipment                | 177,555             | 172,792              |
| Other                                    | <u>91,565</u>       | <u>91,324</u>        |
|  | <u>\$ 8,951,506</u> | <u>\$ 11,036,886</u> |

**NOTE G - CONCENTRATION OF CREDIT RISK**

The financial instruments that potentially subject the Fund to a concentration of credit risk are cash accounts maintained with major financial institutions in New York City, with balances in amounts in excess of federal insurance limits. Management believes that the Fund's risk of loss on these accounts is minimal.

**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE H - ENDOWMENT**

**[1] The endowment:**

The endowment consists of approximately 145 individual funds, established for a variety of purposes and consisting entirely of donor-restricted funds.

**[2] Interpretation of relevant law:**

The Board of Trustees has interpreted the New York State Uniform Management of Institutional Funds Act ("UMIFA") as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as permanently restricted net assets:

- the original value of gifts donated to the permanent endowment,
- the original fair value of subsequent gifts to the permanent endowment, and
- the fair value of each accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**[3] Endowment net-asset composition by type of fund, as of June 30, 2010 and 2009:**

The Fund's endowment net assets of \$82,292,478 and \$78,526,201 at June 30, 2010 and 2009, respectively, are entirely donor-restricted.

**[4] Changes in endowment net assets, for fiscal-year 2010 and 2009:**

|   | June 30,             |                      |
|---|----------------------|----------------------|
|   | 2010                 | 2009                 |
| Endowment net assets, beginning of year | \$ 78,526,201        | \$ 75,735,602        |
| Contributions                           | <u>3,766,277</u>     | <u>2,790,599</u>     |
| Endowment net assets, end of year       | <u>\$ 82,292,478</u> | <u>\$ 78,526,201</u> |

**[5] Funds with deficiencies:**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were approximately \$2,126,000 and \$6,522,000 as of June 30, 2010 and 2009 respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

**[6] Return objectives and risk parameters:**

The Fund has adopted investment and spending 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 endowment assets and assuming a moderate level of investment risk.



**THE BARUCH COLLEGE FUND**  
(a wholly controlled entity)

**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE H - ENDOWMENT (CONTINUED)**

**[7] Strategies employed for achieving objectives:**

To satisfy its long-term rate-of-return objectives, the Fund 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 Fund employs a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives, within prudent risk constraints.

**[8] Spending policy and related objectives:**

The Fund has a policy of appropriating for distribution each year, 5% of its endowment fund's average fair value over the prior 12 quarters, through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Fund's management has considered the long-term expected return on its endowment. This is consistent with the Fund's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.