

THE CITY COLLEGE 21ST CENTURY
FOUNDATION, INC.

Financial Statements and
Supplemental Information

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The City College 21st Century Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The City College 21st Century Foundation, Inc. (the Foundation) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 The City College 21st Century Foundation, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included in Schedule 1 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 the 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.

EFPR Group, CPAs, PLLC
(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
October 26, 2016

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Statements of Financial Position
 June 30, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Assets:		
Cash and cash equivalents	\$ 1,628,622	7,871,115
Investments	154,873,238	155,839,397
Contributions receivable, net	24,288,165	28,955,595
Prepaid expenses and other assets	482,736	1,108,303
Due from The City College of The City University of New York	-	3,186
Artwork and collection	-	-
Total assets	<u>\$ 181,272,761</u>	<u>193,777,596</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	2,889,322	1,250,120
Other liabilities	89,834	214,400
Total liabilities	<u>2,979,156</u>	<u>1,464,520</u>
Net assets:		
Unrestricted	10,459,299	14,658,159
Temporarily restricted	77,525,782	88,914,357
Permanently restricted	90,308,524	88,740,560
Total net assets	<u>178,293,605</u>	<u>192,313,076</u>
Total liabilities and net assets	<u>\$ 181,272,761</u>	<u>193,777,596</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Statements of Activities
 Years ended June 30, 2016 and 2015

	Year ended June 30, 2016				Year ended June 30, 2015			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Support and revenue:								
Contributions	\$ 142,670	6,272,915	1,671,113	8,086,698	282,108	11,339,147	1,573,545	13,194,800
Government grants	50,470	-	-	50,470	140,020	-	-	140,020
Donated space and services	231,070	-	-	231,070	1,403,865	-	-	1,403,865
Investment return	(1,188,698)	(302,621)	-	(1,491,319)	390,871	1,770,063	-	2,160,934
Other income	-	-	-	-	24,610	-	-	24,610
Special event, net of direct benefit to donors of \$278,353 in 2016 and \$230,642 in 2015	-	40,876	-	40,876	-	15,173	-	15,173
Net assets released from restrictions:								
Return of endowment funds	-	-	(103,149)	(103,149)	-	-	-	-
Satisfaction of purpose restrictions	17,399,745	(17,399,745)	-	-	12,032,042	(12,032,042)	-	-
Total net assets released from restrictions	17,399,745	(17,399,745)	(103,149)	(103,149)	12,032,042	(12,032,042)	-	-
Total support and revenue	16,635,257	(11,388,575)	1,567,964	6,814,646	14,273,516	1,092,341	1,573,545	16,939,402
Expenses:								
Program services:								
Scholarship programs	4,408,200	-	-	4,408,200	4,636,479	-	-	4,636,479
College activities supporting programs	13,902,812	-	-	13,902,812	9,667,351	-	-	9,667,351
Total program services	18,311,012	-	-	18,311,012	14,303,830	-	-	14,303,830
Supporting services:								
Management and general	1,245,429	-	-	1,245,429	1,021,993	-	-	1,021,993
Fundraising	1,277,676	-	-	1,277,676	1,541,202	-	-	1,541,202
Total supporting services	2,523,105	-	-	2,523,105	2,563,195	-	-	2,563,195
Total expenses	20,834,117	-	-	20,834,117	16,867,025	-	-	16,867,025
Increase (decrease) in net assets	(4,198,860)	(11,388,575)	1,567,964	(14,019,471)	(2,593,509)	1,092,341	1,573,545	72,377
Net assets at beginning of year	14,658,159	88,914,357	88,740,560	192,313,076	17,251,668	87,822,016	87,167,015	192,240,699
Net assets at end of year	<u>\$ 10,459,299</u>	<u>77,525,782</u>	<u>90,308,524</u>	<u>178,293,605</u>	<u>14,658,159</u>	<u>88,914,357</u>	<u>88,740,560</u>	<u>192,313,076</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Statements of Cash Flows
 Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash receipts from:		
Contributions	\$ 12,871,857	16,946,694
Government grants	50,470	140,020
Dividends and interest	3,400,856	3,741,562
Other income	-	24,610
Cash payments to/for:		
Employees' salaries	(6,595,265)	(5,736,625)
Employees' benefits	(616,769)	(362,487)
Vendors and suppliers	(2,122,464)	(3,857,238)
Contributions and grants	(3,311,331)	(1,068,239)
College support	(1,423,879)	(39,789)
Scholarships, fellowships, internships and stipends	(4,396,885)	(4,851,846)
Other	(393,365)	(183,700)
Contributions restricted for permanent endowments	<u>(1,671,113)</u>	<u>(1,573,545)</u>
Net cash provided by (used in) operating activities	<u>(4,207,888)</u>	<u>3,179,417</u>
Cash flows from investing activities:		
Purchase of investments	(31,750,049)	(16,409,345)
Proceeds from sales and maturities of investments	<u>28,044,331</u>	<u>16,949,282</u>
Net cash provided by (used in) investing activities	<u>(3,705,718)</u>	<u>539,937</u>
Cash flows from financing activities - contributions restricted for permanent endowments	<u>1,671,113</u>	<u>1,573,545</u>
Net increase (decrease) in cash and cash equivalents	(6,242,493)	5,292,899
Cash and cash equivalents at beginning of the year	<u>7,871,115</u>	<u>2,578,216</u>
Cash and cash equivalent at end of year	<u>\$ 1,628,622</u>	<u>7,871,115</u>

(Continued)

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
Statements of Cash Flows, Continued

	<u>2016</u>	<u>2015</u>
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities:		
Increase (decrease) in net assets	\$ (14,019,471)	72,377
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Bad debt expense	201,686	164,550
(Gain) loss on sale of investments	987,957	(1,814,416)
Unrealized loss on investments	3,683,920	3,268,072
Contributions for long-term investments	(1,671,113)	(1,573,545)
Changes in:		
Contributions receivable	4,465,930	3,506,080
Prepaid expenses and other assets	625,567	(734,231)
Due from The City College of The City University of New York	3,000	(2,833)
Accounts payable and accrued expenses	1,639,202	295,183
Other liabilities	(124,566)	(1,820)
Net cash provided by (used in) operating activities	<u>\$ (4,207,888)</u>	<u>3,179,417</u>
Supplemental schedule of cash flow information:		
Net cash provided by (used in) operations	(4,207,888)	3,179,417
Add back contributions restricted for permanent endowments	<u>1,671,113</u>	<u>1,573,545</u>
Net cash provided by operations, including contributions restricted for permanent endowments	<u>\$ (2,536,775)</u>	<u>4,752,962</u>
Non-cash transactions:		
Donated space and services revenue	<u>\$ 231,070</u>	<u>1,403,865</u>
Donated professional services	178,570	1,351,365
Donated space	<u>52,500</u>	<u>52,500</u>
	<u>\$ 231,070</u>	<u>1,403,865</u>
Stock contributions	<u>\$ 247,943</u>	<u>283,045</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

(1) Nature of Organization

The City College 21st Century Foundation, Inc. (the Foundation) is a not-for-profit organization formed under the laws of the State of New York to operate exclusively for charitable purposes, including providing scholarships for students of The City College of The City University of New York (the College). The Foundation also provides program support for students and faculty within the College. The Foundation is primarily supported by contributions and investment income.

(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.

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 restricted to investment in perpetuity, the income from which may be expended to support specific purposes.

(c) 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with original maturities when acquired of three months or less. At times, the Foundation's cash and cash equivalents may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality financial institutions.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Investments

Investments are reported at their fair values based on quoted market prices. Donated securities are recorded at fair value at the date of donation. Realized and unrealized gains and losses are included in the statements of activities as changes in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

(f) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates (1.01% to 1.49% in 2016 and 2.47% to 3.72% in 2015) applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met. Interest is not charged or recorded on outstanding receivables.

(g) Allowance for Doubtful Accounts and Bad Debt Expense

Contributions receivable are stated net of an allowance for doubtful accounts. Factors used to determine whether an allowance should be recorded include the age of the receivable, an assessment of the donor's ability to pay, a review of payments subsequent to year end, historical information and other factors. A receivable is charged to the allowance account when management determines the receivable is uncollectible.

(h) Artwork and Collection

Artwork and collection items acquired either through purchase or donation are not capitalized. Purchases of artwork and collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted assets. Contributions of artwork and collection items are not recognized in the statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

(i) Fixed Assets

Fixed assets purchased by the Foundation in support of the programs and activities of the College are the property of the College and are expensed and transferred to the College when purchased.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition

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

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

(k) Fair Value Measurements and Disclosures

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 assets or liabilities; 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. There have been no changes in the methodologies used at June 30, 2016.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Fair Value Measurements and Disclosures, Continued

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and equities - Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate and government bonds - Valued at the closing price reported on the active markets in which the individual securities are traded.

Common trust funds - Valued at the net asset value (NAV) of shares held at year end or as determined by the investment managers.

Alternative investments - Valued at the NAV of shares held at year end or as determined by the investment managers.

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.

The Foundation assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(l) Donated Space and Services

Certain services, materials, use of space, use of utilities and supplies were provided to the Foundation by the College. These arrangements are recorded as donated space and services at their fair value on the date received. The cost savings associated with these arrangements, which amounted to \$231,070 and \$1,403,865, during the years ended June 30, 2016 and 2015, respectively, are reflected in the accompanying statements of activities.

(m) Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(n) 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.

(o) 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.

(p) Reclassifications

Reclassifications have been made to certain 2015 balances in order to conform them to the 2016 presentation.

(3) Investments

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2016 and 2015.

	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 22,521,365	-	-	22,521,365
Domestic equity	60,372,622	-	-	60,372,622
International equity	37,713,845	-	-	37,713,845
Other	<u>24,830,761</u>	<u>-</u>	<u>-</u>	<u>24,830,761</u>
	145,438,593	-	-	145,438,593
Common trust funds	-	-	8,033,245	8,033,245
Auction - rate preferred equity securities	-	-	1,400,000	1,400,000
Other	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
	<u>-</u>	<u>-</u>	<u>9,434,645</u>	<u>9,434,645</u>
	<u>\$ 145,438,593</u>	<u>-</u>	<u>9,434,645</u>	<u>154,873,238</u>

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(3) Investments, Continued

	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 22,969,513	-	-	22,969,513
Domestic equity	66,185,189	-	-	66,185,189
International equity	27,396,267	-	-	27,396,267
Other	<u>30,908,766</u>	-	-	<u>30,908,766</u>
	147,459,735	-	-	147,459,735
Common trust funds	-	-	6,978,262	6,978,262
Auction - rate preferred equity securities	-	-	1,400,000	1,400,000
Other	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
	<u>-</u>	<u>-</u>	<u>8,379,662</u>	<u>8,379,662</u>
	<u>\$ 147,459,735</u>	<u>-</u>	<u>8,379,662</u>	<u>155,839,397</u>

The following table summarizes the activity for financial instruments classified as Level 3 in 2015 and 2016:

Balance at July 1, 2014	\$ 9,327,184
Net sales	(316,326)
Net investment return	<u>(631,196)</u>
Balance at July 1, 2015	8,379,662
Net purchases	1,100,000
Net sales	(25,698)
Net investment return	<u>(19,319)</u>
Balance at June 30, 2016	\$ <u>9,434,645</u>

The composition of the 2016 investment returns were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Dividends and interest	\$ 920,124	2,480,732	3,400,856
Net realized loss on investments	(175,333)	(812,623)	(987,956)
Unrealized loss on investments	(1,847,462)	(1,836,458)	(3,683,920)
Commissions and fees	<u>(64,271)</u>	<u>(156,028)</u>	<u>(220,299)</u>
Total investment return before transfer	<u>(1,166,942)</u>	<u>(324,377)</u>	<u>(1,491,319)</u>
Transfer to repay prior periods borrowing of unrestricted funds	<u>(21,756)</u>	<u>21,756</u>	<u>-</u>
Total investment return after transfer	\$ <u>(1,188,698)</u>	<u>(302,621)</u>	<u>(1,491,319)</u>

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(3) Investments, Continued

The composition of the 2015 investment returns were as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	<u>Total</u>
Dividends and interest	\$ 1,193,431	2,548,131	3,741,562
Net realized gain on investments	596,338	1,218,078	1,814,416
Unrealized loss on investments	(1,230,683)	(2,037,389)	(3,268,072)
Commissions and fees	<u>(43,018)</u>	<u>(83,954)</u>	<u>(126,972)</u>
Total investment return before transfer	<u>516,068</u>	<u>1,644,866</u>	<u>2,160,934</u>
Transfer to repay prior periods borrowing of unrestricted funds	<u>(125,197)</u>	<u>125,197</u>	<u>-</u>
Total investment return after transfer	<u>\$ 390,871</u>	<u>1,770,063</u>	<u>2,160,934</u>

(4) Contributions Receivable

Contributions receivable have been discounted over payment periods using 0.65% - 3.72% discount rates at the time of the contribution. Contributions receivable were estimated to be due as following:

	<u>2016</u>	<u>2015</u>
Gross amount due in:		
Less than one year	\$ 12,007,123	11,884,779
One to five years	6,142,904	10,362,568
More than five years	<u>9,548,810</u>	<u>10,889,286</u>
	27,698,837	33,136,633
Less allowance for uncollectible amounts	(382,989)	(431,489)
Less discounts to net present value	<u>(3,027,683)</u>	<u>(3,749,549)</u>
Total	<u>\$ 24,288,165</u>	<u>28,955,595</u>

Seven pledges at gross totaling approximately \$21,805,079 before discounting represent a significant portion of the total outstanding contributions balance at June 30, 2016.

Eight pledges at gross totaling approximately \$26,971,000 before discounting represent a significant portion of the total outstanding contributions balance at June 30, 2015.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(5) Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Scholarship programs	\$ 17,801,862	17,613,562
College activities supporting programs	<u>59,723,920</u>	<u>71,300,795</u>
Total	\$ <u>77,525,782</u>	<u>88,914,357</u>

Permanently restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Scholarship programs	\$ 25,838,062	24,384,847
College activities supporting programs	<u>64,470,462</u>	<u>64,355,713</u>
Total	\$ <u>90,308,524</u>	<u>88,740,560</u>

The earnings from the permanently restricted net assets are restricted for scholarship programs and college activities supporting programs.

(6) Endowment

The endowment consists of approximately 150 individual funds established for a variety of purposes and consisting entirely of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowments, (b) the original value of any subsequent gifts to permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards or prudence prescribed by applicable laws and regulations.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Endowment, Continued

Interpretation of Relevant Law, Continued

Effective in September 2010, New York State modified its law governing the management and investment of charitable gifts by adopting the Uniform Prudent Management of Institutional Fund Act (the NYPMIFA). NYPMIFA moves away from the “historic dollar value” standards and permits charities to apply a spending policy to endowments based on certain specified standards of prudence.

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

1. The duration and preservation of the fund.
2. The purposes of the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. Alternatives to expenditure of the endowment fund.
8. The investment policies of the Foundation.

Return Objectives, Risk Parameters and Strategies

The Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Endowment return objectives are to equal or exceed, on an inflation-adjusted basis, composite benchmark results of approximately 5% over the long term with a conservative to moderate level of risk. In order to achieve this objective, the Foundation follows the strategy of weighting the asset allocation to higher yielding asset classes, including equities and alternative investments, with marginally higher risk characteristics. The total return objective includes the funding of both the current year spending rate amount and the amount required to be retained pursuant to the Board’s interpretation of law.

Spending Policy

The Board utilized a spending rate of 6% of the fair value of the endowment funds at the beginning of the fiscal year 2016 and 2015 to determine its annual drawdown from the endowment.

Funds with Deficiencies

As of June 30, 2016 and 2015, the Foundation had 1 individual endowment with deficiencies totaling \$164,218 and \$142,462, respectively.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Endowment, Continued

Funds with Deficiencies, Continued

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Total</u>
Endowment in net assets, June 30, 2014	\$ (17,265)	34,798,540	87,167,015	121,948,290
Dividends and interest	-	1,749,492	-	1,749,492
Unrealized and realized loss	-	(750,192)	-	(750,192)
Deficit balances in endowment income	(125,197)	125,197	-	-
Contributions	-	-	1,573,545	1,573,545
Amounts appropriated for expenditure	<u>-</u>	<u>(3,505,374)</u>	<u>-</u>	<u>(3,505,374)</u>
Endowment in net assets, June 30, 2015	(142,462)	32,417,663	88,740,560	121,015,761
Dividends and interest	-	1,758,791	-	1,758,791
Unrealized and realized loss	-	(1,910,231)	-	(1,910,231)
Deficit balances in endowment income	(21,756)	-	-	(21,756)
Contributions	-	-	1,671,113	1,671,113
Amounts appropriated for expenditure	-	(3,491,167)	-	(3,491,167)
Severance of endowment funds	<u>-</u>	<u>-</u>	<u>(103,149)</u>	<u>(103,149)</u>
Endowment in net assets, June 30, 2016	\$ <u>(164,218)</u>	<u>28,775,056</u>	<u>90,308,524</u>	<u>118,919,362</u>

(7) Related Party Transactions

The Foundation serves as a repository for gifts to the College. The College reimburses the Foundation for the expenses incurred by the Foundation on behalf of the College for repository related expenses. There was \$3,186 receivable by the Foundation from the College at June 30, 2015.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Schedule of Functional Expenses
 For the year ended June 30, 2016

	Program Services			Supporting Services			Total
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ -	5,686,005	5,686,005	769,139	574,560	1,343,699	7,029,704
Payroll taxes and fringe benefits	-	429,462	429,462	365,355	209,536	574,891	1,004,353
Scholarships and awards	4,408,200	-	4,408,200	-	-	-	4,408,200
Equipment, repairs and maintenance	-	51,203	51,203	-	324	324	51,527
Supplies	-	497,798	497,798	6,452	57,880	64,332	562,130
Professional fees	-	298,447	298,447	44,275	20,491	64,766	363,213
Refreshments and meals	-	405,258	405,258	104	44,851	44,955	450,213
Space rental and storage	-	145,023	145,023	21,000	33,500	54,500	199,523
Honorarium	-	71,425	71,425	-	1,000	1,000	72,425
Insurance	-	6,605	6,605	9,208	-	9,208	15,813
Telecommunication	-	-	-	-	134	134	134
Consultants and subcontractors	-	637,101	637,101	711	211,936	212,647	849,748
Postage and shipping	-	2,784	2,784	70	6,605	6,675	9,459
Travel and conferences	-	470,965	470,965	8,513	29,137	37,650	508,615
Printing and reproduction	-	68,332	68,332	3,393	19,136	22,529	90,861
Bank charges and credit card fees	-	3,207	3,207	1,143	3,109	4,252	7,459
Subscriptions and memberships	-	315,666	315,666	6,701	32,670	39,371	355,037
Miscellaneous	-	-	-	982	6,895	7,877	7,877
Grants and contributions	-	3,127,865	3,127,865	-	19,982	19,982	3,147,847
Advertising	-	70,508	70,508	-	3,909	3,909	74,417
Bad debt expense	-	201,500	201,500	186	-	186	201,686
Furniture or equipment purchased for the College (note 2)	-	1,413,658	1,413,658	8,197	2,021	10,218	1,423,876
Total expenses	\$ 4,408,200	13,902,812	18,311,012	1,245,429	1,277,676	2,523,105	20,834,117

(Continued)

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Schedule of Functional Expenses
 For the year ended June 30, 2015

	Program Services			Supporting Services			
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	Total
Salaries	\$ -	4,734,047	4,734,047	518,485	556,802	1,075,287	5,809,334
Payroll taxes and fringe benefits	-	327,401	327,401	242,021	237,474	479,495	806,896
Scholarships and awards	4,636,479	-	4,636,479	-	-	-	4,636,479
Equipment, repairs and maintenance	-	34,538	34,538	1,410	-	1,410	35,948
Supplies	-	477,918	477,918	15,450	-	15,450	493,368
Professional fees	-	233,607	233,607	93,639	23,480	117,119	350,726
Refreshments and meals	-	515,104	515,104	3,336	24,903	28,239	543,343
Space rental and storage	-	270,531	270,531	15,780	53,585	69,365	339,896
Honorarium	-	64,375	64,375	-	359	359	64,734
Insurance	-	2,310	2,310	7,383	-	7,383	9,693
Telecommunication	-	12,896	12,896	314	-	314	13,210
Consultants and subcontractors	-	667,489	667,489	50,300	492,628	542,928	1,210,417
Postage and shipping	-	87,059	87,059	40	7,839	7,879	94,938
Travel and conferences	-	487,628	487,628	10,243	31,363	41,606	529,234
Printing and reproduction	-	395,764	395,764	-	63,576	63,576	459,340
Bank charges and credit card fees	-	4,473	4,473	1,032	-	1,032	5,505
Subscriptions and memberships	-	246,241	246,241	4,178	26,554	30,732	276,973
Grants and contributions	-	920,702	920,702	-	13,123	13,123	933,825
Advertising	-	36,111	36,111	3,200	9,516	12,716	48,827
Bad debt expense	-	159,550	159,550	5,000	-	5,000	164,550
Furniture or equipment purchased for the College (note 2)	-	(10,393)	(10,393)	50,182	-	50,182	39,789
Total expenses	\$ 4,636,479	9,667,351	14,303,830	1,021,993	1,541,202	2,563,195	16,867,025

See accompanying notes to financial statements.