



**Financial Statements  
(Together with Independent Auditors' Report)**

**Year Ended June 30, 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**THE CITY COLLEGE FUND, INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The City College Fund, Inc.

We have audited the accompanying financial statements of The City College Fund, Inc. (the "Fund"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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.

### ***Auditors' 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 City College Fund, Inc. as of June 30, 2019, 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.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, the Fund adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### ***Adjustments to Prior Period Financial Statements***

The financial statements of the Fund as of and for the year ended June 30, 2018, were audited by other auditors whose report dated September 29, 2018 expressed an unmodified opinion on those statements. As discussed in Note 13 to the financial statements, the Fund has restated its opening net assets balance as of June 30, 2018 during the current year for a reclassification within net assets. The other auditors reported on the 2018 financial statements before the restatement.

As part of our audit of the 2019 financial statements, we also audited adjustments described in Note 13 to the financial statements that were applied to restate the net assets as of June 30, 2018. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Fund other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.



New York, NY  
October 24, 2019

**THE CITY COLLEGE FUND, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2019**

**ASSETS:**

Cash and cash equivalents (Notes 2C and 9)	\$ 906,494
Interest and other receivables (Note 2E)	219,407
Contributions and grant receivables, net (Notes 2D, 2E and 4)	827,453
Investments (Notes 2F, 2H and 5)	77,450,016
Prepaid expenses and other assets	21
Property and equipment, net (Notes 2G and 6)	<u>6,436</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 79,409,827</u></b>

**LIABILITIES:**

Annuity payment liability (Note 2H)	\$ 302,393
Accrued expenses and taxes payable (Note 12)	<u>53,550</u>
<b>TOTAL LIABILITIES</b>	<b><u>355,943</u></b>

**COMMITMENTS AND CONTINGENCIES** (Note 11)

**NET ASSETS** (Note 2B):

Without donor restrictions	4,561,776
With donor restrictions (Notes 7 and 8)	<u>74,492,108</u>
Total net assets	<u>79,053,884</u>
Total liabilities and net assets	<b><u>\$ 79,409,827</u></b>

**THE CITY COLLEGE FUND, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORTS:</b>			
Contributions	\$ 865,446	\$ 3,194,591	\$ 4,060,037
Investment return (Notes 2F and 5)	127,397	3,549,028	3,676,425
Change in value split-interest agreements (Note 2H)	-	(81,339)	(81,339)
Other income	87,262	-	87,262
Net assets released from restrictions	<u>5,909,972</u>	<u>(5,909,972)</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORTS</b>	<u>6,990,077</u>	<u>752,308</u>	<u>7,742,385</u>
<b>EXPENSES:</b>			
Program services:			
Scholarship program	1,579,328	-	1,579,328
College activities supporting programs	<u>3,906,268</u>	<u>-</u>	<u>3,906,268</u>
Total program services	<u>5,485,596</u>	<u>-</u>	<u>5,485,596</u>
Supporting services:			
Management and general	1,090,378	-	1,090,378
Fundraising	<u>266,847</u>	<u>-</u>	<u>266,847</u>
Total supporting services	<u>1,357,225</u>	<u>-</u>	<u>1,357,225</u>
<b>TOTAL EXPENSES</b>	<u>6,842,821</u>	<u>-</u>	<u>6,842,821</u>
<b>CHANGE IN NET ASSETS</b>	<u>147,256</u>	<u>752,308</u>	<u>899,564</u>
Net assets, beginning of year as originally reported	1,291,115	76,863,205	78,154,320
Restatement of beginning net assets (Note 13)	<u>3,123,405</u>	<u>(3,123,405)</u>	<u>-</u>
Net assets, beginning of year as restated	<u>4,414,520</u>	<u>73,739,800</u>	<u>78,154,320</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,561,776</u>	<u>\$ 74,492,108</u>	<u>\$ 79,053,884</u>

**THE CITY COLLEGE FUND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>TOTAL 2019</u>
	<u>Scholarship Program</u>	<u>College Activities Supporting Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ -	\$ 725,211	\$ 725,211	\$ 338,687	\$ 126,412	\$ 1,190,310
Severance fringe		18,889	18,889	30,979	15,536	65,404
Payroll taxes and employee benefits	-	482,045	482,045	202,966	71,782	756,793
<b>Total salaries and related costs</b>	-	1,226,145	1,226,145	572,632	213,730	2,012,507
Grants	1,579,328	2,652,533	4,231,861	-	-	4,231,861
Professional fees	-	27,590	27,590	118,450	12,887	158,927
Printing and supplies	-	-	-	37,272	23,329	60,601
Telecommunication	-	-	-	6,686	-	6,686
Computer expenses	-	-	-	9,963	-	9,963
Insurance	-	-	-	26,757	-	26,757
Bad debt expense	-	-	-	310,812	-	310,812
Depreciation	-	-	-	6,000	-	6,000
Miscellaneous	-	-	-	1,806	16,901	18,707
<b>TOTAL EXPENSES</b>	<b>\$ 1,579,328</b>	<b>\$ 3,906,268</b>	<b>\$ 5,485,596</b>	<b>\$ 1,090,378</b>	<b>\$ 266,847</b>	<b>\$ 6,842,821</b>

The accompanying notes are an integral part of these financial statements.

**THE CITY COLLEGE FUND, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$	899,564
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		6,000
Net unrealized and realized loss on investments		110,071
Bad debt expense		310,812
Change in value of split interest agreements		(81,339)
(Increase) decrease in assets:		
Interest and other receivables		(1,183)
Contributions and grant receivable		28,735
Increase (decrease) in liabilities:		
Annuity payment liability		(13,882)
Accrued expenses and taxes payable		(395,148)
<b>Net Cash Provided by Operating Activities</b>		<b>863,630</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales of investments		13,507,530
Purchases of investments		(13,713,287)
<b>Net Cash Used in Investing Activities</b>		<b>(205,757)</b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

657,873

Cash and cash equivalents - beginning of year

248,621

**CASH AND CASH EQUIVALENTS - END OF YEAR**

**\$ 906,494**



**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The City College Fund ("Fund") is a nonprofit organization dedicated to helping The City College of New York (the "College") by raising funds for various programs of the College.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **Basis of Accounting** – The Fund's financial statements have been prepared on the accrual basis of accounting. The Fund adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. **Basis of Presentation** – The Fund maintain its net assets under the following two classes:
- Without donor restrictions – resources that are available for the general support of the Fund's operations.
  - With donor restrictions – net assets subject to donor-imposed stipulations that will be met either by actions of the Fund or the passage of time, stipulations that they be maintained in perpetuity by the Fund, and unappropriated endowment earnings.
- C. **Cash and Cash Equivalents** - The Fund considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.
- D. **Contributions and Grant 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 present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates 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 the conditions are substantially met.
- E. **Allowance for Doubtful Accounts** – The Fund determines whether an allowance for uncollectible receivables should be provided for contributions and grant receivables. Such estimates are based on management's assessment of the aged basis of its receivable, creditworthiness of its donors and borrowers, current economic conditions and historical information. As of June 30, 2019, the Fund determined an allowance of \$855,188 was necessary for contributions and grant receivables and no allowance for interest and other receivables.
- F. **Investments and Fair Value Measurements** – Investments are recorded at fair value. Fair value measurements are the prices 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. Changes in the fair value of investments are recorded as unrealized gains or losses and are reflected in the statements of activities. Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Fund's gains and losses on investments bought and sold as well as held during the year.

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. **Property and Equipment** – Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. The Fund capitalizes purchases greater than \$5,000 with an estimated useful life of at least three years.

H. **Split-Interest Agreements** – The Fund’s split-interest agreements with donors consist primarily of irrevocable charitable remainder annuity trusts and perpetual trusts held by third parties. Charitable remainder annuity gifts are time-restricted contributions not available to the Fund until after the death of the donor and other beneficiaries, who, while living, receive payouts from the trust based on a fixed amount each year as stated in the trust agreements. The trust agreements, in certain instances, allow for the beneficiaries to receive additional distributions, which may substantially reduce the value of expected future cash receipts. Under the terms of the perpetual trusts, the Fund has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust.

The Fund recognizes as assets and contributions to net assets with donor restrictions, the fair value of the trusts based on the present value of the estimated expected future cash receipts from the trusts’ assets. The carrying value of the assets is adjusted to fair value at the end of the year. Distributions received by the Fund are either for general purposes or restricted based upon donor imposed stipulations.

I. **Functional Expense Allocation** - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, insurance, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest and other, which are allocated on the basis of estimates of time and effort.

J. **Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

K. **Recent Accounting Pronouncements** - Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit entities” was adopted for the year ended June 30, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended June 30, 2019.

**THE CITY COLLEGE FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 - AVAILABLE RESOURCES AND LIQUIDITY**

The Fund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing activities of Scholarship and College activities supporting programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Fund's cash and shows positive cash generated by operations for fiscal year 2019.

As of June 30, 2019, the following tables show the total financial assets held by the Fund and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 906,494
Interest and other receivables	219,407
Contributions and grant receivables, net	827,453
Investments	<u>77,450,016</u>
	<u>\$ 79,403,370</u>

Financial assets available to meet general expenditures over the next 12 months:

Cash and cash equivalents	\$ 569,045
Interest and other receivables	115,366
Contributions and grant receivables for general expenditures due in one year	1,000
Investments not encumbered by donor restrictions	<u>4,561,776</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,247,187</u>

**NOTE 4 - CONTRIBUTIONS AND GRANT RECEIVABLES, NET**

Contributions and grant receivables consisted of the following as of June 30:

Receivable in less than one year	\$ 644,334
Receivable in one to five years	<u>1,066,042</u>
	1,710,376
Less: Allowance for doubtful accounts	(855,188)
Discount to present value	<u>(27,735)</u>
	<u>\$ 827,453</u>

**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of the following as of June 30:

Cash and money market funds	\$ 11,614,508
Equities and mutual funds	43,261,781
Corporate and government bonds	<u>22,573,727</u>
	<u>\$ 77,450,016</u>

Investments are subject to market volatility that could substantially change their fair values in the near term.

Investment (loss) income is included in the statements of activities and consists of the following for the year ended June 30:

Dividends and interest	\$ 3,786,496
Realized gain	2,179,613
Unrealized (loss)	<u>(2,289,684)</u>
	<u>\$ 3,676,425</u>

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, ("ASC 820") defines 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. ASC 820 establishes a framework for measuring fair value. The 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). In determining fair value, the Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. These inputs also form the basis of the fair value hierarchy which is used to categorize a fair value measurement into one of three levels as follows:

- Level 1 - Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Valuations based on observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets for identical assets or liabilities; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to level 3 inputs.

Investments in equities and securities are valued using market prices in active markets (Level 1). Mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily NAV and to transact at that price. The mutual funds are deemed to be actively traded. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate and government obligations are valued using quoted prices in inactive markets (Level 2). Level 2 instruments valuations are obtained from similar assets or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended June 30, 2019, there were no transfers in or out of Levels 1 or 2.

Financial assets carried at fair value at June 30, 2019 are classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$11,614,508	\$ -	\$ 11,614,508
Equities, securities and mutual funds	43,261,781	-	43,261,781
Corporate bonds	<u>-</u>	<u>22,573,727</u>	<u>22,573,727</u>
Investments at Fair Value	<u>\$54,876,289</u>	<u>\$ 22,573,727</u>	<u>\$ 77,450,016</u>

**NOTE 6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>Estimated Useful Lives</u>
Equipment	\$ 55,061	5 years
Less: Accumulated depreciation and amortization	<u>(48,625)</u>	
	<u>\$ 6,436</u>	

Depreciation expense amounted to \$6,000 for the year ended June 30, 2019.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30 were available for the following purposes:

	<u>2019</u>
Subject to expenditures for specific purpose and the passage of time:	
Scholarship program	\$ 4,646,566
College activities supporting programs	35,312,193
Charitable trusts	<u>2,477,202</u>
Subtotal	<u>42,435,961</u>
Endowment principal held in perpetuity:	
Beneficial interest in perpetual trusts	44,874
Endowment funds	<u>32,011,273</u>
Total net assets with donor restrictions	<u>\$74,492,108</u>

Net assets were released from donor restrictions when expenses satisfying the restricted purposes were incurred or by occurrence of other events specified by donors as follows for the years ended June 30:

Scholarship program	\$ 307,197
College activities supporting programs	<u>5,602,775</u>
	<u>\$ 5,909,972</u>

**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 - ENDOWMENT FUNDS**

The Board of the Fund follows the New York State law called the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA includes a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor are reflected as net assets with donor restrictions until appropriated.

The Fund’s Board has interpreted NYPMIFA as allowing the Fund to appropriate for expenditure or accumulate so much of an endowment fund as the Fund determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board. Under the provisions of the NYPMIFA, for the year ended June 30, 2019, the Fund’s board approved spending rate on endowment investments was approximately 3.5% of the average historical investment balance.

As a result of this interpretation, the Fund has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods), until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The policy for valuing the Fund’s investments is described in Note 2F. In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires the Fund to retain in perpetuity is to be reported in net assets with donor restrictions. The fair value of assets associated with individual donor-restricted endowment funds are all above historic dollar value as of June 30, 2019.

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	<u>Unappropriated Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 27,710,411	\$ 31,558,031	\$ 59,268,442
Contributions	-	453,242	453,242
Investment return	3,371,780	-	3,371,780
Appropriations	<u>(1,617,864)</u>	<u>-</u>	<u>(1,617,864)</u>
Endowment net assets, end of year	<u>\$ 29,464,327</u>	<u>\$ 32,011,273</u>	<u>\$ 61,475,600</u>

**NOTE 9 - CONCENTRATION**

Cash and cash equivalents that potentially subject the Fund to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2019, there was approximately \$1,150,000 of cash and cash equivalents held by one bank that exceeded FDIC limits.

**NOTE 10 - EMPLOYEE PENSION**

The Fund has a defined contribution 403(b) Plan. Pension costs are funded on a current basis. Contributions to the Retirement Plan for the Employees of the Fund are based on a percentage of payroll. This plan covers all employees with at least two years of service. Pension expense for the fiscal years ended June 30, 2019 amounted to \$123,784.

**THE CITY COLLEGE FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The Fund believes it had no uncertain tax positions as of June 30, 2019 in accordance with Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 12 - FUND CONSOLIDATION**

In June 2018, the Board of Directors (“BOD”) approved the consolidation of The City College Fund and the City College 21<sup>st</sup> Century Foundation, which is also a supporting foundation of the College, to create a new foundation for the purpose of raising philanthropic funding to support various programs.

The BOD has also approved the severance pay for regular employees of the Fund with at least one year of service who continues working for the Fund throughout the date of the consolidation. The accrued severance benefits for the year ended June 30, 2018 amounted to \$352,785 and was paid during the year ended June 30, 2019.

**NOTE 13 - PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2019, the Fund performed an internal review and other procedures of net assets with donor restrictions and discovered that net assets with donor restrictions were overstated as of June 30, 2018.

Accordingly, the Fund restated its June 30, 2018 net asset balance by decreasing net assets with donor restrictions by \$3,123,405 and increasing net assets without donor restrictions by \$3,123,405.

The result of the restatement of the account balances as of June 30, 2018 was as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Net assets – with donor restrictions	\$ 76,863,205	\$ (3,123,405)	\$ 73,739,800
Net assets – without donor restrictions	1,291,115	3,123,405	4,414,520

**NOTE 14 – RELATED-PARTY TRANSACTIONS**

A member of the Board of Directors is employed by the Fund as adjunct lecturer for its program and is entitled to receive \$5,500 compensation under the agreement. Another member of the Board of Directors has three gift annuity agreements with the Fund. The member made charitable contributions of \$300,000 in total and receives quarterly annuity payments of \$6,675.

**NOTE 15 - SUBSEQUENT EVENTS**

The Fund has evaluated events subsequent to the date of the statements of financial position through October 24, 2019, the date the financial statements were available to be issued. The Fund has determined that no subsequent events have occurred which require disclosure in or adjustments to the financial statements.