

THE CITY COLLEGE 21<sup>ST</sup> CENTURY  
FOUNDATION, INC.  
Financial Statements  
June 30, 2020 and 2019  
(With Independent Auditors' Report Thereon)

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The City College 21<sup>st</sup> Century Foundation, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of The City College 21<sup>st</sup> Century Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 21<sup>st</sup> Century Foundation, Inc. as of June 30, 2020 and 2019, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 21, 2020

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.  
 Statements of Financial Position  
 June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 565,167	1,237,334
Investments	193,018,505	195,977,918
Contributions receivable, net	7,854,650	12,462,820
Prepaid expenses and other assets	2,609,977	1,023,712
Artwork and collection (note 2)	-	-
Total assets	<u>\$ 204,048,299</u>	<u>210,701,784</u>
 <u>Liabilities and Net Assets</u> 		
Liabilities:		
Accounts payable and accrued expenses	485,707	497,848
Due to City College Fund	160,487	-
Other liabilities	99,492	118,124
Total liabilities	<u>745,686</u>	<u>615,972</u>
Net assets:		
Without donor restrictions	5,166,412	8,463,560
With donor restrictions	198,136,201	201,622,252
Total net assets	<u>203,302,613</u>	<u>210,085,812</u>
Total liabilities and net assets	<u>\$ 204,048,299</u>	<u>210,701,784</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Statements of Activities

Years ended June 30, 2020 and 2019

	Year ended June 30, 2020			Year ended June 30, 2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue:						
Contributions	\$ 1,085,946	10,896,310	11,982,256	1,338,624	6,291,747	7,630,371
Donated space and services	697,444	-	697,444	1,335,836	-	1,335,836
Investment return (loss)	(2,865,342)	1,734,501	(1,130,841)	1,842,252	8,389,762	10,232,014
Other income	-	750	750	-	928	928
Net assets released from restrictions - satisfaction of purpose restrictions	16,117,612	(16,117,612)	-	12,008,862	(12,008,862)	-
Total support and revenue	<u>15,035,660</u>	<u>(3,486,051)</u>	<u>11,549,609</u>	<u>16,525,574</u>	<u>2,673,575</u>	<u>19,199,149</u>
Expenses:						
Program services:						
Scholarship programs	3,805,504	-	3,805,504	4,046,315	-	4,046,315
College activities supporting programs	11,039,543	-	11,039,543	9,163,659	-	9,163,659
Total program services	<u>14,845,047</u>	<u>-</u>	<u>14,845,047</u>	<u>13,209,974</u>	<u>-</u>	<u>13,209,974</u>
Supporting services:						
Management and general	1,346,616	-	1,346,616	1,581,199	-	1,581,199
Fundraising	2,141,145	-	2,141,145	884,302	-	884,302
Total supporting services	<u>3,487,761</u>	<u>-</u>	<u>3,487,761</u>	<u>2,465,501</u>	<u>-</u>	<u>2,465,501</u>
Total expenses	<u>18,332,808</u>	<u>-</u>	<u>18,332,808</u>	<u>15,675,475</u>	<u>-</u>	<u>15,675,475</u>
Change in net assets	(3,297,148)	(3,486,051)	(6,783,199)	850,099	2,673,575	3,523,674
Net assets at beginning of year	8,463,560	201,622,252	210,085,812	7,613,461	198,948,677	206,562,138
Net assets at end of year	<u>\$ 5,166,412</u>	<u>198,136,201</u>	<u>203,302,613</u>	<u>8,463,560</u>	<u>201,622,252</u>	<u>210,085,812</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Statement of Functional Expenses

Year ended June 30, 2020

	Program Services			Supporting Services			Total
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ -	1,741,469	1,741,469	444,403	503,061	947,464	2,688,933
Payroll taxes and fringe benefits	-	155,503	155,503	211,901	219,757	431,658	587,161
Scholarships and awards	3,805,504	-	3,805,504	-	-	-	3,805,504
Equipment, repairs and maintenance	-	10,776	10,776	286	-	286	11,062
Supplies	-	262,459	262,459	6,995	42,692	49,687	312,146
Professional fees	-	37,930	37,930	167,897	65,844	233,741	271,671
Refreshments and meals	-	414,070	414,070	984	51,640	52,624	466,694
Space rental and storage	-	52,633	52,633	25,200	37,460	62,660	115,293
Honorarium	-	60,914	60,914	-	-	-	60,914
Insurance	-	2,658	2,658	41,898	-	41,898	44,556
Telecommunication	-	307	307	-	2,749	2,749	3,056
Consultants and subcontractors	-	525,342	525,342	104,811	364,404	469,215	994,557
Postage and shipping	-	9,333	9,333	61	23,159	23,220	32,553
Travel and conferences	-	640,329	640,329	2,311	66,270	68,581	708,910
Printing and reproduction	-	61,480	61,480	5,654	35,174	40,828	102,308
Bank charges and credit card fees	-	9,239	9,239	25,543	-	25,543	34,782
Subscriptions and memberships	-	37,973	37,973	224	45,472	45,696	83,669
Grants and contributions	-	3,961,701	3,961,701	285,948	675,010	960,958	4,922,659
Advertising	-	26,763	26,763	-	8,453	8,453	35,216
Bad debt expense	-	2,355,583	2,355,583	-	-	-	2,355,583
Furniture or equipment purchased for the College (note 2)	-	673,081	673,081	22,500	-	22,500	695,581
Total expenses	\$ 3,805,504	11,039,543	14,845,047	1,346,616	2,141,145	3,487,761	18,332,808

See accompanying notes to financial statements.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Statement of Functional Expenses

Year ended June 30, 2019

	Program Services			Supporting Services			Total
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ -	2,164,211	2,164,211	871,607	21,245	892,852	3,057,063
Payroll taxes and fringe benefits	-	221,102	221,102	418,547	4,518	423,065	644,167
Scholarships and awards	4,046,315	-	4,046,315	-	-	-	4,046,315
Equipment, repairs and maintenance	-	19,327	19,327	-	412	412	19,739
Supplies	-	283,731	283,731	462	25,045	25,507	309,238
Professional fees	-	53,916	53,916	130,554	2,282	132,836	186,752
Refreshments and meals	-	458,833	458,833	-	78,024	78,024	536,857
Space rental and storage	-	23,901	23,901	65,000	5,796	70,796	94,697
Honorarium	-	51,759	51,759	-	1,181	1,181	52,940
Insurance	-	6,616	6,616	20,551	-	20,551	27,167
Telecommunication	-	380	380	-	1,506	1,506	1,886
Consultants and subcontractors	-	488,507	488,507	11,389	68,724	80,113	568,620
Postage and shipping	-	3,334	3,334	10	7,314	7,324	10,658
Travel and conferences	-	623,967	623,967	-	48,154	48,154	672,121
Printing and reproduction	-	84,015	84,015	-	39,494	39,494	123,509
Bank charges and credit card fees	-	75	75	13,049	-	13,049	13,124
Subscriptions and memberships	-	101,718	101,718	2,450	52,109	54,559	156,277
Grants and contributions	-	2,626,555	2,626,555	-	507,166	507,166	3,133,721
Advertising	-	77,739	77,739	-	10,749	10,749	88,488
Bad debt expense	-	1,752,513	1,752,513	-	-	-	1,752,513
Furniture or equipment purchased for the College (note 2)	-	121,460	121,460	47,580	10,583	58,163	179,623
Total expenses	\$ 4,046,315	9,163,659	13,209,974	1,581,199	884,302	2,465,501	15,675,475

See accompanying notes to financial statements.



THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.  
 Statements of Cash Flows  
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Contributions	\$ 14,234,843	9,645,374
Dividends and interest	5,182,919	4,607,343
Other income	750	928
Cash payments to/for:		
Employees' salaries	(3,728,406)	(2,093,232)
Employees' benefits	(481,579)	(226,241)
Vendors and suppliers	(3,204,361)	(3,214,788)
Contributions and grants	(4,922,659)	(3,133,721)
College support	(693,896)	(179,623)
Scholarships, fellowships, internships and stipends	(3,805,504)	(4,046,315)
Other	(262,634)	(391,762)
Contributions restricted for permanent endowments	<u>(987,284)</u>	<u>(1,015,167)</u>
Net cash provided by (used in) operating activities	<u>1,332,189</u>	<u>(47,204)</u>
Cash flows from investing activities:		
Purchase of investments	(16,708,799)	(19,358,583)
Proceeds from sales and maturities of investments	<u>13,556,672</u>	<u>16,722,338</u>
Net cash used in investing activities	<u>(3,152,127)</u>	<u>(2,636,245)</u>
Cash flows from financing activities:		
Contributions restricted for permanent endowments	987,284	1,015,167
Change in due to City College Fund	<u>160,487</u>	<u>-</u>
Net cash provided by financing activities	<u>1,147,771</u>	<u>1,015,167</u>
Net change in cash and cash equivalents	(672,167)	(1,668,282)
Cash and cash equivalents at beginning of the year	<u>1,237,334</u>	<u>2,905,616</u>
Cash and cash equivalent at end of year	<u>\$ 565,167</u>	<u>1,237,334</u>

(Continued)

See accompanying notes to financial statements.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.  
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (6,783,199)	3,523,674
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	2,355,583	1,752,513
Loss (gain) on sale of investments	1,418,652	(223,116)
Unrealized loss (gain) on investments	4,692,888	(5,740,877)
Contributions for long-term investments	(987,284)	(1,015,167)
Changes in:		
Contributions receivable	2,252,587	2,015,003
Prepaid expenses and other assets	(1,586,265)	108,028
Accounts payable and accrued expenses	(12,141)	(468,411)
Other liabilities	<u>(18,632)</u>	<u>1,149</u>
Net cash provided by (used in) operating activities	<u>\$ 1,332,189</u>	<u>(47,204)</u>
Supplemental schedule of cash flow information:		
Net cash provided by (used in) operations	\$ 1,332,189	(47,204)
Add back contributions restricted for permanent endowments	<u>987,284</u>	<u>1,015,167</u>
Net cash provided by operations, including contributions restricted for permanent endowments	<u>\$ 2,319,473</u>	<u>967,963</u>
Non-cash transactions - stock contributions	<u>\$ 314,830</u>	<u>138,136</u>

See accompanying notes to financial statements.

# THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

### (1) Nature of Organization

The City College 21<sup>st</sup> 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Foundation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation.

#### (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.

#### (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 net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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 (0.29% to 0.66% in 2020 and 1.76% to 2.00% in 2019) 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 net assets without donor restrictions if purchased with net assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of artwork and collection items are not recognized in the statements of activities. Proceeds from deaccessions or insurance recoveries are reflected on the statements 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.

(j) Revenue Recognition

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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, 2020.

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.

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

Auction rate securities - Valued at the interest rate which is re-set periodically through auctions.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Fair Value Measurements and Disclosures, Continued

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

The Foundation assesses the level 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 or other professionals. 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 \$697,444 and \$1,335,836, during the years ended June 30, 2020 and 2019, 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 and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Cost of occupancy is allocated on a square footage basis. Salaries and fringe benefits are allocated based on the basis of estimated time and efforts.

(n) Subsequent Events

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

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Foundation and its future results and financial position is not presently determinable.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(o) 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.

(p) Recent Accounting Standards Issued

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

(q) Reclassifications

Reclassifications have been made to certain 2019 balances in order to conform them to the 2020 presentation.

(3) Liquidity

The Foundation has \$32,420,234 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$565,167 of cash, \$3,922,024 of receivables and \$27,933,043 of investments. Some of the receivables and investments are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2020 statement of financial position.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(4) Investments

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020 and 2019.

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 34,399,331	-	-	34,399,331
Domestic equity	73,807,273	-	-	73,807,273
International equity	57,975,952	-	-	57,975,952
Alternatives	16,602,070	-	-	16,602,070
Other	<u>46,329</u>	<u>-</u>	<u>-</u>	<u>46,329</u>
	182,830,955	-	-	182,830,955
Auction - rate preferred equity securities	-	-	950,000	950,000
Other	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
	<u>\$ 182,830,955</u>	<u>-</u>	<u>951,400</u>	183,782,355
Investments valued at NAV				<u>9,236,150</u>
				<u>\$ 193,018,505</u>
	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 33,722,718	-	-	33,722,718
Domestic equity	72,638,943	-	-	72,638,943
International equity	61,089,010	-	-	61,089,010
Alternatives	18,202,597	-	-	18,202,597
Other	<u>49,778</u>	<u>-</u>	<u>-</u>	<u>49,778</u>
	185,703,046	-	-	185,703,046
Auction - rate preferred equity securities	-	-	950,000	950,000
Other	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
	<u>\$ 185,703,046</u>	<u>-</u>	<u>951,400</u>	186,654,446
Investments valued at NAV				<u>9,323,472</u>
				<u>\$ 195,977,918</u>



THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(4) Investments, Continued

The following table summarizes the activity for financial instruments classified as Level 3 during the years ended 2020 and 2019:

Balance at July 1, 2018	\$ 1,401,400
Net sales	<u>(450,000)</u>
Balance at June 30, 2019	<u>951,400</u>
Balance at June 30, 2020	\$ <u>951,400</u>

The composition of the 2020 investment returns were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,574,457	3,608,462	5,182,919
Net realized losses on investments	(354,827)	(1,063,825)	(1,418,652)
Unrealized losses on investments	(4,022,016)	(670,872)	(4,692,888)
Commissions and fees	<u>(62,956)</u>	<u>(139,264)</u>	<u>(202,220)</u>
Total investment return	\$ <u>(2,865,342)</u>	<u>1,734,501</u>	<u>(1,130,841)</u>

The composition of the 2019 investment returns were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,289,722	3,317,621	4,607,343
Net realized gains on investments	62,413	160,703	223,116
Unrealized gains on investments	572,642	5,168,235	5,740,877
Commissions and fees	<u>(82,525)</u>	<u>(256,797)</u>	<u>(339,322)</u>
Total investment return	\$ <u>1,842,252</u>	<u>8,389,762</u>	<u>10,232,014</u>

The Foundation uses the NAV to determine the fair value of all underlying investments which (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in other investment companies by major category:

<u>June 30, 2020</u>				
<u>Strategy</u>	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption term</u>
Real Asset Fund	<u>\$ 9,236,150</u>	<u>None</u>	Daily	2 days

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(4) Investments, Continued

June 30, 2019

<u>Strategy</u>	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption term</u>
Real Asset Fund	<u>\$ 9,323,472</u>	None	Daily	2 days

\* Redemption terms represent the liquidity frequency and the notification period related to each investment fund. The liquidity frequency refers to the frequency in which the Foundation is permitted to liquidate the related fund. The notification period refers to the time period in which the Foundation must inform the fund manager prior to its intent to commence liquidation of the fund.

(5) 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>2020</u>	<u>2019</u>
Gross amount due in:		
Less than one year	\$ 3,922,024	5,962,428
One to five years	2,460,488	2,566,989
More than five years	<u>3,883,929</u>	<u>6,377,381</u>
	10,266,441	14,906,798
Less allowance for uncollectible amounts	(1,421,814)	(813,662)
Less discounts to net present value	<u>(989,977)</u>	<u>(1,630,316)</u>
Total	\$ <u>7,854,650</u>	<u>12,462,820</u>

Two pledges at gross totaling approximately \$6,500,000 before discounting represent a significant portion of the total outstanding contributions balance at June 30, 2020.

Two pledges at gross totaling approximately \$9,000,000 before discounting represent a significant portion of the total outstanding contributions balance at June 30, 2019.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Time or purpose restricted:		
Scholarship programs	\$ 24,544,991	25,027,758
College activities supporting programs	<u>66,846,031</u>	<u>71,442,740</u>
	<u>91,391,022</u>	<u>96,470,498</u>
Endowment:		
Scholarship programs	29,659,908	28,890,975
College activities supporting programs	<u>77,085,271</u>	<u>76,260,779</u>
	<u>106,745,179</u>	<u>105,151,754</u>
Total net assets with donor restrictions	\$ <u>198,136,201</u>	<u>201,622,252</u>

The earnings from the net assets with donor restrictions in endowment are restricted for scholarship programs and college activities supporting programs.

(7) Endowment

The endowment consists of 165 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 net assets with donor restrictions: (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.

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.

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(7) Endowment, Continued

Interpretation of Relevant Law, Continued

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 4% of the fair value of the endowment funds at the beginning of the fiscal year 2020 and 2019, to determine its annual drawdown from the endowment.

Changes in Endowment

The following is a reconciliation of changes in endowment funds for the years ended June 30, 2020 and 2019:

	With donor restrictions - time or purpose	With donor restrictions - endowment	<u>Total</u>
Endowment net assets, July 1, 2018	\$ 95,743,005	103,205,672	198,948,677
Investments return, net	8,389,762	-	8,389,762
Contributions	4,831,670	1,460,077	6,291,747
Other income	928	-	928
Amount appropriated for expenditure	(12,494,867)	486,005	(12,008,862)
Endowment net assets, June 30, 2019	96,470,498	105,151,754	201,622,252
Investments return, net	1,734,501	-	1,734,501
Contributions	9,298,747	1,597,563	10,896,310
Other income	750	-	750
Amount appropriated for expenditure	(16,113,474)	(4,138)	(16,117,612)
Endowment net assets, June 30, 2020	\$ <u>91,391,022</u>	<u>106,745,179</u>	<u>198,136,201</u>

THE CITY COLLEGE 21<sup>ST</sup> CENTURY FOUNDATION, INC.  
Notes to Financial Statements, Continued

(7) Endowment, Continued

Changes in Endowment, Continued

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 NYPMIFA require the Foundation to retain as a fund of perpetual donation. At June 30, 2020 and 2019, the Foundation had no individual endowments with deficiencies.

(8) Related Party Transactions

The Foundation serves as a repository for gifts to the City College Fund. There was \$160,487 payable by the Foundation to the City College Fund at June 30, 2020.