

THE CITY COLLEGE 21ST CENTURY
FOUNDATION, INC.
Financial Statements
June 30, 2021 and 2020
(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 statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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 13, 2021

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
 Statements of Financial Position
 June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ -	565,167
Investments	-	193,018,505
Contributions receivable, net	-	7,854,650
Prepaid expenses and other assets	-	2,609,977
Artwork and collection (note 2)	-	-
	<hr/>	<hr/>
Total assets	\$ -	<u>204,048,299</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	-	485,707
Due to City College Fund	-	160,487
Other liabilities	-	99,492
	<hr/>	<hr/>
Total liabilities	-	<u>745,686</u>
Net assets:		
Without donor restrictions	-	5,166,412
With donor restrictions	-	198,136,201
	<hr/>	<hr/>
Total net assets	-	<u>203,302,613</u>
	<hr/>	<hr/>
Total liabilities and net assets	\$ -	<u>204,048,299</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Statements of Activities

Years ended June 30, 2021 and 2020

	Year ended June 30, 2021			Year ended June 30, 2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue:						
Contributions	\$ 1,951,048	14,377,359	16,328,407	1,085,946	10,896,310	11,982,256
Government grants	-	36,663	36,663	-	-	-
Donated space and services	1,440,188	-	1,440,188	697,444	-	697,444
Investment return (loss)	21,324,973	41,624,482	62,949,455	(2,865,342)	1,734,501	(1,130,841)
Other income	11	121	132	-	750	750
Recovery of bad debt	351,287	-	351,287	-	-	-
Net assets released from restrictions - satisfaction of purpose restrictions	13,524,046	(13,524,046)	-	16,117,612	(16,117,612)	-
Total support and revenue	38,591,553	42,514,579	81,106,132	15,035,660	(3,486,051)	11,549,609
Expenses:						
Program services:						
Scholarship programs	3,766,681	-	3,766,681	3,805,504	-	3,805,504
College activities supporting programs	8,254,997	-	8,254,997	11,039,543	-	11,039,543
Total program services	12,021,678	-	12,021,678	14,845,047	-	14,845,047
Supporting services:						
Management and general	1,636,640	-	1,636,640	1,346,616	-	1,346,616
Fundraising	2,649,660	-	2,649,660	2,141,145	-	2,141,145
Total supporting services	4,286,300	-	4,286,300	3,487,761	-	3,487,761
Total expenses	16,307,978	-	16,307,978	18,332,808	-	18,332,808
Change in net assets	22,283,575	42,514,579	64,798,154	(3,297,148)	(3,486,051)	(6,783,199)
Net assets at beginning of year	5,166,412	198,136,201	203,302,613	8,463,560	201,622,252	210,085,812
Transfer of net assets to The Foundation for City College, Inc.	(27,449,987)	(240,650,780)	(268,100,767)	-	-	-
Net assets at end of year	\$ -	-	-	5,166,412	198,136,201	203,302,613

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
Statement of Functional Expenses
Year ended June 30, 2021

	Program Services			Supporting Services			Total
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ -	1,902,954	1,902,954	455,225	673,719	1,128,944	3,031,898
Payroll taxes and fringe benefits	-	159,275	159,275	214,207	252,152	466,359	625,634
Scholarships and awards	3,766,681	-	3,766,681	-	-	-	3,766,681
Equipment, repairs and maintenance	-	16,086	16,086	-	141	141	16,227
Supplies	-	105,170	105,170	52,428	44,226	96,654	201,824
Professional fees	-	15,635	15,635	118,453	9,264	127,717	143,352
Refreshments and meals	-	25,766	25,766	-	7,750	7,750	33,516
Space rental and storage	-	7,875	7,875	24,500	36,750	61,250	69,125
Honorarium	-	91,465	91,465	-	2,070	2,070	93,535
Insurance	-	1,000	1,000	13,005	-	13,005	14,005
Telecommunication	-	-	-	-	2,451	2,451	2,451
Consultants and subcontractors	-	791,374	791,374	160,423	418,751	579,174	1,370,548
Postage and shipping	-	22,937	22,937	-	33,559	33,559	56,496
Travel and conferences	-	177,464	177,464	-	2,544	2,544	180,008
Printing and reproduction	-	31,891	31,891	-	47,832	47,832	79,723
Bank charges and credit card fees	-	52	52	38,810	-	38,810	38,862
Subscriptions and memberships	-	60,724	60,724	127,002	105,373	232,375	293,099
Grants and contributions	-	4,361,740	4,361,740	432,587	974,167	1,406,754	5,768,494
Advertising	-	15,801	15,801	-	32,715	32,715	48,516
Furniture or equipment purchased for the College (note 2)	-	467,788	467,788	-	6,196	6,196	473,984
Total expenses	\$ 3,766,681	8,254,997	12,021,678	1,636,640	2,649,660	4,286,300	16,307,978

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST 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 21ST CENTURY FOUNDATION, INC.
 Statements of Cash Flows
 Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from:		
Contributions	\$ 16,644,884	14,234,843
Government grants	36,663	-
Dividends and interest	5,888,429	5,182,919
Other income	132	750
Cash payments to/for:		
Employees' salaries	(2,104,302)	(3,728,406)
Employees' benefits	(172,157)	(481,579)
Vendors and suppliers	(2,831,665)	(3,204,361)
Contributions and grants	(3,191,850)	(4,922,659)
College support	(473,984)	(693,896)
Scholarships, fellowships, internships and stipends	(3,766,681)	(3,805,504)
Other	(294,994)	(262,634)
Contributions restricted for permanent endowments	<u>(4,806,003)</u>	<u>(987,284)</u>
Net cash provided by operating activities	<u>4,928,472</u>	<u>1,332,189</u>
Cash flows from investing activities:		
Purchase of investments	(61,014,130)	(16,708,799)
Proceeds from sales and maturities of investments	<u>53,102,701</u>	<u>13,556,672</u>
Net cash used in investing activities	<u>(7,911,429)</u>	<u>(3,152,127)</u>
Cash flows from financing activities:		
Contributions restricted for permanent endowments	4,806,003	987,284
Change in due from CUNY	(5,224)	-
Change in due to City College Fund	<u>161,904</u>	<u>160,487</u>
Net cash provided by financing activities	<u>4,962,683</u>	<u>1,147,771</u>
Net change in cash and cash equivalents	1,979,726	(672,167)
Cash and cash equivalents at beginning of the year	565,167	1,237,334
Transfer of cash and cash equivalents	<u>(2,544,893)</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>565,167</u>

(Continued)

See accompanying notes to financial statements.

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

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 64,798,154	(6,783,199)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense (recovery)	(351,287)	2,355,583
Loss (gain) on sale of investments	(5,445,296)	1,418,652
Unrealized loss (gain) on investments	(51,817,589)	4,692,888
Contributions for long-term investments	(4,806,003)	(987,284)
Changes in:		
Contributions receivable, net	316,478	2,252,587
Prepaid expenses and other assets	2,593,172	(1,586,265)
Accounts payable and accrued expenses	(444,385)	(12,141)
Other liabilities	<u>85,228</u>	<u>(18,632)</u>
Net cash provided by operating activities	<u>\$ 4,928,472</u>	<u>1,332,189</u>
Supplemental schedule of cash flow information:		
Net cash provided by operations	\$ 4,923,248	1,332,189
Add back contributions restricted for permanent endowments	<u>4,806,003</u>	<u>987,284</u>
Net cash provided by operations, including contributions restricted for permanent endowments	<u>\$ 9,729,251</u>	<u>2,319,473</u>
Non-cash transactions - stock contributions	<u>\$ 239,058</u>	<u>314,830</u>
Supplemental schedule of non-cash information - non-cash operating activities - transfer to The Foundation for City College, Inc.:		
Net assets without donor restrictions	\$ 27,449,987	-
Net assets with donor restrictions	240,650,780	-
Investments	(258,192,819)	-
Contributions receivable, net	(7,889,459)	-
Prepaid expenses and other assets	(16,805)	-
Artwork and collection	-	-
Due from City University of New York	(5,224)	-
Accounts payable and accrued expenses	41,322	-
Due to City College fund	322,391	-
Other liabilities	<u>184,720</u>	<u>-</u>
Cash and cash equivalents transferred	<u>\$ 2,544,893</u>	<u>-</u>

See accompanying notes to financial statements.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements

June 30, 2021 and 2020

(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.

The Foundation adopted the Board resolution on the merger of the City College Fund and the Foundation to The Foundation for City College, Inc. (FCC), and transferred its net assets to FCC on June 30, 2021. The Foundation ceased operations on June 30, 2021.

(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.

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 net assets without donor restrictions, unless their use is 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 (0.87% to 1.45% in 2021 and 0.29% to 0.66% in 2020) 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.

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 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.

(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, 2021.

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.

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 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 \$1,440,188 and \$697,444, during the years ended June 30, 2021 and 2020, 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 CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(o) Risks and Uncertainties

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.

(p) 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.

(3) Investments

Investments of \$258,192,819 were transferred to FCC on June 30, 2021. The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020.

	<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>

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(3) Investments, Continued

The following table summarizes the activity for financial instruments classified as Level 3 during the years ended 2021 and 2020:

Balance at June 30, 2019	\$ 951,400
Activity	<u>-</u>
Balance at June 30, 2020	\$ 951,400
Transfer to FCC	<u>(951,400)</u>
Balance at June 30, 2021	\$ <u>-</u>

The composition of the 2021 investment returns were as follows:

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Dividends and interest	\$ 2,169,050	3,719,379	5,888,429
Net realized gains on investments	1,972,543	3,472,753	5,445,296
Unrealized gains on investments	17,257,445	34,560,144	51,817,589
Commissions and fees	<u>(74,065)</u>	<u>(127,794)</u>	<u>(201,859)</u>
Total investment return	\$ <u>21,324,973</u>	<u>41,624,482</u>	<u>62,949,455</u>

The composition of the 2020 investment returns were as follows:

	Without donor <u>restrictions</u>	With donor <u>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 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:

June 30, 2020

<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>	None	Daily	2 days

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(3) Investments, Continued

* 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.

(4) Contributions Receivable

Contributions receivable have been discounted over payment periods using 0.29% - 3.72% discount rates at the time of the contribution. Contributions receivable, net of allowance for uncollectible amounts and discounts to net present value, of \$7,889,459, were transferred to FCC on June 30, 2021. Contributions receivable at June 30, 2020 were estimated to be due follows:

Gross amount due in:	
Less than one year	\$ 3,922,024
One to five years	2,460,488
More than five years	<u>3,883,929</u>
	10,266,441
Less allowance for uncollectible amounts	(1,421,814)
Less discounts to net present value	<u>(989,977)</u>
Total	\$ <u>7,854,650</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.

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions of \$240,650,780, consisting of \$128,624,298 for time or purpose restricted and \$112,026,482 for endowment, were transferred to FCC on June 30, 2021. Net assets with donor restrictions at June 30, 2020 are restricted for the following purposes:

Time or purpose restricted:	
Scholarship programs	\$ 24,544,991
College activities supporting programs	<u>66,846,031</u>
	<u>91,391,022</u>
Endowment activities:	
Scholarship programs	29,659,908
College activities supporting programs	<u>77,085,271</u>
	<u>106,745,179</u>
Total net assets with donor restrictions	\$ <u>198,136,201</u>

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(5) Net Assets With Donor Restrictions, Continued

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

(6) Endowment

The endowment consists of approximately 180 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.
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.

THE CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Endowment, Continued

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 2021 and 2020, to determine its annual drawdown from the endowment.

The following is a reconciliation of changes in endowment funds for the years ended June 30, 2021 and 2020:

	With donor restrictions - time or <u>purpose</u>	With donor restrictions - <u>endowment</u>	<u>Total</u>
Endowment net assets, July 1, 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	<u>(16,113,474)</u>	<u>(4,138)</u>	<u>(16,117,612)</u>
Endowment net assets, June 30, 2020	91,391,022	106,745,179	198,136,201
Investments return, net	41,624,482	-	41,624,482
Contributions and government grants	9,278,594	5,135,428	14,414,022
Other income	121	-	121
Amount appropriated for expenditure	(13,669,921)	145,875	(13,524,046)
Transfer to FCC	<u>(128,624,298)</u>	<u>(112,026,482)</u>	<u>(240,650,780)</u>
Endowment net assets, June 30, 2021	\$ <u> -</u>	<u> -</u>	<u> -</u>

Changes in Endowment

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, the Foundation had no individual endowments with deficiencies.

(7) 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.