

THE FOUNDATION FOR CITY COLLEGE, INC.
Financial Statements
June 30, 2022
(With Independent Auditors' Report Thereon)

THE FOUNDATION FOR CITY COLLEGE, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Foundation for City College, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Foundation for City College, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for City College, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 6, 2022

THE FOUNDATION FOR CITY COLLEGE, INC.
Statement of Financial Position
June 30, 2022

<u>Assets</u>	
Cash and cash equivalents	\$ 1,218,741
Investments	309,816,025
Contributions receivable, net	18,985,701
Grants receivable	350,000
Prepaid expenses and other assets	2,179,394
Artwork and collection (note 2)	<u>-</u>
Total assets	<u>\$ 332,549,861</u>
 <u>Liabilities and Net Assets</u> 	
Liabilities:	
Accounts payable and accrued expenses	1,295,704
Annuity payment liabilities	297,653
Other liabilities	<u>308,118</u>
Total liabilities	<u>1,901,475</u>
Net assets:	
Without donor restrictions	21,278,599
With donor restrictions	<u>309,369,787</u>
Total net assets	<u>330,648,386</u>
Total liabilities and net assets	<u>\$ 332,549,861</u>

See accompanying notes to financial statements.

THE FOUNDATION FOR CITY COLLEGE, INC.

Statement of Activities
Year ended June 30, 2022

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 2,563,060	38,440,898	41,003,958
Grants	-	473,735	473,735
Program services	-	125,920	125,920
Contributed nonfinancial assets	1,123,959	-	1,123,959
Investment return	(19,531,074)	(27,312,367)	(46,843,441)
Other income	-	229	229
Change in value of split-interest agreements	-	6,818	6,818
Severance of endowment funds	-	(35,902)	(35,902)
Net assets released from restrictions - satisfaction of purpose restrictions	<u>20,983,685</u>	<u>(20,983,685)</u>	<u>-</u>
Total support and revenue	<u>5,139,630</u>	<u>(9,284,354)</u>	<u>(4,144,724)</u>
Expenses:			
Program services:			
Scholarship programs	6,635,323	-	6,635,323
College activities supporting programs	<u>18,039,412</u>	<u>-</u>	<u>18,039,412</u>
Total program services	<u>24,674,735</u>	<u>-</u>	<u>24,674,735</u>
Supporting services:			
Management and general	2,997,974	-	2,997,974
Fundraising	<u>1,722,330</u>	<u>-</u>	<u>1,722,330</u>
Total supporting services	<u>4,720,304</u>	<u>-</u>	<u>4,720,304</u>
Total expenses	<u>29,395,039</u>	<u>-</u>	<u>29,395,039</u>
Change in net assets	(24,255,409)	(9,284,354)	(33,539,763)
Net assets at beginning of year	-	-	-
Transfer of net assets from The City College 21st Century Foundation, Inc. and City College Fund	<u>45,534,008</u>	<u>318,654,141</u>	<u>364,188,149</u>
Net assets at end of year	<u>\$ 21,278,599</u>	<u>309,369,787</u>	<u>330,648,386</u>

See accompanying notes to financial statements.

THE FOUNDATION FOR CITY COLLEGE, INC.

Statement of Functional Expenses

Year ended June 30, 2022

	Program Services			Supporting Services			Total
	Scholarship programs	College activities supporting programs	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ -	2,274,007	2,274,007	731,125	533,749	1,264,874	3,538,881
Payroll taxes and fringe benefits	-	255,064	255,064	338,139	241,585	579,724	834,788
Scholarships and awards	6,635,323	-	6,635,323	-	-	-	6,635,323
Equipment, repairs and maintenance	-	10,993	10,993	-	-	-	10,993
Supplies	-	409,875	409,875	3,764	98,499	102,263	512,138
Professional fees	-	110,734	110,734	147,870	975	148,845	259,579
Refreshments and meals	-	343,206	343,206	7,100	26,208	33,308	376,514
Space rental and storage	-	65,494	65,494	24,500	39,430	63,930	129,424
Honorarium	-	141,387	141,387	-	-	-	141,387
Insurance	-	34,001	34,001	31,287	-	31,287	65,288
Telecommunication	-	728	728	-	11,136	11,136	11,864
Consultants and subcontractors	-	2,195,604	2,195,604	537,866	166,967	704,833	2,900,437
Postage and shipping	-	3,663	3,663	15	73,864	73,879	77,542
Travel and conferences	-	314,654	314,654	7,820	25,806	33,626	348,280
Printing and reproduction	-	89,661	89,661	6,643	79,955	86,598	176,259
Bank charges and credit card fees	-	263	263	51,761	176	51,937	52,200
Subscriptions and memberships	-	111,532	111,532	133,120	53,985	187,105	298,637
Grants and contributions	-	10,466,500	10,466,500	920,263	269,481	1,189,744	11,656,244
Advertising	-	87,707	87,707	2,318	54,034	56,352	144,059
Bad debt expense	-	308,871	308,871	-	-	-	308,871
Furniture or equipment purchased for the College (note 2)	-	815,468	815,468	54,383	46,480	100,863	916,331
Total expenses	\$ 6,635,323	18,039,412	24,674,735	2,997,974	1,722,330	4,720,304	29,395,039

See accompanying notes to financial statements.

THE FOUNDATION FOR CITY COLLEGE, INC.
Statement of Cash Flows
Year ended June 30, 2022

Cash flows from operating activities:	
Change in net assets	\$ (33,539,763)
Adjustment to reconcile changes in net assets to net cash provided by operating activities:	
Bad debt expense	308,871
Gain on sale of investments	(46,297,459)
Unrealized loss on investments	107,595,027
Contributions for long-term investments	(8,989,256)
Changes in:	
Contributions receivable, net	(10,494,960)
Grants receivable	(350,000)
Prepaid expenses and other assets	(2,104,112)
Accounts payable and accrued expenses	1,150,271
Annuity payment liabilities	(91,479)
Other liabilities	<u>123,398</u>
Net cash provided by operating activities	<u>7,310,538</u>
Cash flows from investing activities:	
Purchase of investments	(177,047,379)
Proceeds from sales and maturities of investments	<u>159,409,579</u>
Net cash used in investing activities	<u>(17,637,800)</u>
Cash flows from financing activities:	
Contributions restricted for permanent endowments	8,989,256
Change in due from CUNY	<u>5,224</u>
Net cash provided by financing activities	<u>8,994,480</u>
Net change in cash and cash equivalents	(1,332,782)
Cash and cash equivalents at beginning of year	-
Transfer of cash and cash equivalents from The City College 21st Century Foundation, Inc. and City College Fund	<u>2,551,523</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,218,741</u></u>

See accompanying notes to financial statements.

THE FOUNDATION FOR CITY COLLEGE, INC.

Notes to Financial Statements

June 30, 2022

(1) Nature of Organization

The Foundation for City College, 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 was formed on the merger of the City College Fund and The City College 21st Century Foundation, Inc. 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.

(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 statement of activities as changes in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

THE FOUNDATION FOR CITY COLLEGE, 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 (0.87% to 3.01% in 2022) applicable to the year 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 statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

(i) Fixed Assets

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

(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 statement of activities as net assets released from restrictions.

THE FOUNDATION FOR CITY COLLEGE, 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, 2022.

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 and private equity 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 FOUNDATION FOR CITY COLLEGE, 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) Split-Interest Agreements

The Foundation'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 Foundation 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 Foundation has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust.

The Foundation recognizes as assets and contributions to net assets with donor restrictions, the fair value of the trusts, other than the perpetual trust, 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 Foundation are either for general purposes or restricted based upon donor-imposed stipulations.

(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 statement of activities and the statement 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.

THE FOUNDATION FOR CITY COLLEGE, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(n) Recent Accounting Standards Issued

In September 2020, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gifts-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retro active adoption of this new standard.

(o) Subsequent Events

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

(p) 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 on a national, regional and local level are unknown, but have 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.

(q) 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) Liquidity

The Foundation has \$59,788,530 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,218,741 of cash, \$10,683,485 of receivables and \$47,886,304 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 2022 statement of financial position.

THE FOUNDATION FOR CITY COLLEGE, 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, 2022.

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 63,760,743	-	-	63,760,743
Domestic equity	140,738,730	-	-	140,738,730
International equity	<u>83,555,355</u>	-	-	<u>83,555,355</u>
	288,054,828	-	-	288,054,828
Auction - rate preferred equity securities	-	-	950,000	950,000
Other	-	-	<u>1,400</u>	<u>1,400</u>
	<u>\$ 288,054,828</u>	<u>-</u>	<u>951,400</u>	289,006,228
Investments valued at NAV				<u>20,809,797</u>
				<u>\$ 309,816,025</u>

The following table summarizes the activity for financial instruments classified as Level 3 during the year ended June 30, 2022:

Balance at June 30, 2021	\$ -
Transfer from The City College 21 st Century Foundation, Inc	<u>951,400</u>
Balance at June 30, 2022	<u>\$ 951,400</u>

The composition of the 2022 investment returns were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest	\$ 6,976,184	7,787,365	14,763,549
Net realized gains on investments	20,207,084	26,090,375	46,297,459
Unrealized loss on investments	(46,561,787)	(61,033,240)	(107,595,027)
Commissions and fees	<u>(152,555)</u>	<u>(156,867)</u>	<u>(309,422)</u>
Total investment return	<u>\$ (19,531,074)</u>	<u>(27,312,367)</u>	<u>(46,843,441)</u>

THE FOUNDATION FOR CITY COLLEGE, INC.

Notes to Financial Statements, Continued

(4) Investments, Continued

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>Strategy</u>	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption term</u>
Real Asset Fund	\$ 18,418,847	None	Daily	2 days
Private Equity Funds	<u>2,390,950</u>	None	Daily	10+ years
	\$ <u>20,809,797</u>			

* 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 0.87%-3.01% discount rates at the time of the contribution. Contributions receivable, net of allowance, at June 30, 2022 were estimated to be due follows:

Gross amount due in:	
Less than one year	\$ 10,333,485
One to five years	8,640,003
More than five years	<u>2,169,000</u>
	21,142,488
Less allowance for uncollectible amounts	(1,014,316)
Less discounts to net present value	<u>(1,142,471)</u>
Total	\$ <u>18,985,701</u>

Five pledges at gross totaling approximately \$12,020,544, before discounting, represent a significant portion of the total outstanding contributions balance at June 30, 2022.

(6) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are restricted for the following purposes:

Time or purpose restricted:	
Scholarship programs	\$ 61,292,428
College activities supporting programs	<u>91,225,531</u>
	<u>152,517,959</u>

THE FOUNDATION FOR CITY COLLEGE, INC.
Notes to Financial Statements, Continued

(6) Net Assets With Donor Restrictions, Continued

Endowment activities:	
Scholarship programs	\$ 53,384,348
College activities supporting programs	<u>103,467,480</u>
	<u>156,851,828</u>
Total net assets with donor restrictions	\$ <u>309,369,787</u>

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

(7) Endowments

The endowment consists of approximately 390 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.

THE FOUNDATION FOR CITY COLLEGE, INC.

Notes to Financial Statements, Continued

(7) Endowment, Continued

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 year ended June 30, 2022, to determine its annual drawdown from the endowment.

The following is a reconciliation of changes in endowment funds for the year ended June 30, 2022:

	With donor restrictions - time or purpose	With donor restrictions - endowment	<u>Total</u>
Endowment net assets, June 30, 2021	\$ -	-	-
Transfer from City College Fund	44,064,012	33,939,349	78,003,361
Transfer from The City College 21 st Century Foundation, Inc	128,624,298	112,026,482	240,650,780
Investments return, net	(27,312,367)	-	(27,312,367)
Contributions and grants	29,332,579	9,582,054	38,914,633
Program services	125,920	-	125,920
Change in value of split interest agreements	6,818	-	6,818
Other income	229	-	229
Severance of endowment funds	-	(35,902)	(35,902)
Transfers	(1,354,935)	1,354,935	-
Amount appropriated for expenditure	<u>(20,968,595)</u>	<u>(15,090)</u>	<u>(20,983,685)</u>
Endowment net assets, June 30, 2022	\$ <u>152,517,959</u>	<u>156,851,828</u>	<u>309,369,787</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, 2022, the Foundation had no individual endowments with deficiencies.

THE FOUNDATION FOR CITY COLLEGE, INC.
Notes to Financial Statements, Continued

(8) Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

Salaries	\$ 1,062,709
Rent	<u>61,250</u>
	\$ <u>1,123,959</u>

Contributed salaries are comprised of financial and administrative services related to the operations of the Foundation. Amounts represent an estimated percentage of time worked on Foundation related activity. Contributed rent represents the Foundation's share of the buildings in which the Foundation operates. The square footage rate used in the calculation is based on similar office space in the surrounding area.

(9) Transfer of Net Assets

The transfer of net assets from the City College Fund and The City College 21st Century Foundation, Inc. is summarized as follows:

Cash and cash equivalents	\$ 2,551,523
Investments	353,475,793
Contributions receivable, net	8,799,612
Prepaid expenses and other assets	75,282
Due from CUNY	5,224
Accounts payable and accrued expenses	(145,433)
Annuity payment liabilities	(389,132)
Other liabilities	<u>(184,720)</u>
Net assets	\$ <u>364,188,149</u>