

# **The Foundation for City College, Inc.**

Financial Statements

June 30, 2023 and 2022

# The Foundation for City College, Inc.

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## Independent Auditors' Report

To the Board of Directors of  
The Foundation for City College, Inc.

### Opinion

We have audited the financial statements of The Foundation for City College, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, 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 (U.S. GAAP).

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

### Other Matter

The financial statements of the Foundation as of and for the year ended June 30, 2022, were audited by other auditors, whose report dated October 6, 2022, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 GAAS 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 GAAS, 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.

*Baker Tilly US, LLP*

Uniondale, New York  
October 17, 2023

# The Foundation for City College, Inc.

## Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,646,918	\$ 1,218,741
Investments	336,559,357	309,816,025
Contributions receivable, net	18,050,997	18,985,701
Inventory	10,582	-
Grants receivable	-	350,000
Prepaid expenses and other assets	1,971,163	2,179,394
	<u>\$ 359,239,017</u>	<u>\$ 332,549,861</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,783,738	\$ 1,295,704
Annuity payment liabilities	195,378	297,653
Other liabilities	313,547	308,118
	<u>2,292,663</u>	<u>1,901,475</u>
<b>Net Assets</b>		
Without donor restrictions	27,426,713	21,278,599
With donor restrictions	329,519,641	309,369,787
	<u>356,946,354</u>	<u>330,648,386</u>
Total liabilities and net assets	<u>\$ 359,239,017</u>	<u>\$ 332,549,861</u>

See notes to financial statements

# The Foundation for City College, Inc.

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,251,001	\$ 20,274,184	\$ 21,525,185
Grants	-	801,625	801,625
Program services	-	172,426	172,426
Store merchandise gross profit	595	-	595
Contributed nonfinancial assets	1,019,839	-	1,019,839
Investment return	11,530,702	25,314,140	36,844,842
Other income	40	162,116	162,156
Change in value of split-interest agreements	-	52,638	52,638
Net assets released from restrictions, satisfaction of purpose restrictions	<u>26,627,275</u>	<u>(26,627,275)</u>	<u>-</u>
Total support and revenue	<u>40,429,452</u>	<u>20,149,854</u>	<u>60,579,306</u>
<b>Expenses</b>			
Program services:			
Scholarship programs	7,712,970	-	7,712,970
College activities supporting programs	<u>20,365,501</u>	<u>-</u>	<u>20,365,501</u>
Total program services	<u>28,078,471</u>	<u>-</u>	<u>28,078,471</u>
Supporting services:			
Management and general	3,724,562	-	3,724,562
Fundraising	<u>2,478,305</u>	<u>-</u>	<u>2,478,305</u>
Total supporting services	<u>6,202,867</u>	<u>-</u>	<u>6,202,867</u>
Total expenses	<u>34,281,338</u>	<u>-</u>	<u>34,281,338</u>
Change in net assets	6,148,114	20,149,854	26,297,968
<b>Net Assets, Beginning</b>	<u>21,278,599</u>	<u>309,369,787</u>	<u>330,648,386</u>
<b>Net Assets, Ending</b>	<u>\$ 27,426,713</u>	<u>\$ 329,519,641</u>	<u>\$ 356,946,354</u>

See notes to financial statements

# The Foundation for City College, Inc.

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
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	20,983,685	(20,983,685)	-
Total support and revenue	5,139,630	(9,284,354)	(4,144,724)
<b>Expenses</b>			
Program services:			
Scholarship programs	6,635,323	-	6,635,323
College activities supporting programs	18,039,412	-	18,039,412
Total program services	24,674,735	-	24,674,735
Supporting services:			
Management and general	2,997,974	-	2,997,974
Fundraising	1,722,330	-	1,722,330
Total supporting services	4,720,304	-	4,720,304
Total expenses	29,395,039	-	29,395,039
Change in net assets	(24,255,409)	(9,284,354)	(33,539,763)
<b>Net Assets, Beginning</b>	-	-	-
Transfer of net assets from The City College 21st Century Foundation and City College Fund	45,534,008	318,654,141	364,188,149
<b>Net Assets, Ending</b>	<u>\$ 21,278,599</u>	<u>\$ 309,369,787</u>	<u>\$ 330,648,386</u>

See notes to financial statements

## The Foundation for City College, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services			Supporting Services			Total
	Scholarship Programs	College Activities Supporting Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ -	\$ 2,054,544	\$ 2,054,544	\$ 398,959	\$ 286,335	\$ 685,294	\$ 2,739,838
Payroll taxes and fringe benefits	-	236,608	236,608	211,043	141,945	352,988	589,596
Scholarships and awards	7,712,970	-	7,712,970	-	-	-	7,712,970
Equipment, repairs and maintenance	-	19,977	19,977	1,920	542	2,462	22,439
Supplies	-	618,842	618,842	6,004	23,276	29,280	648,122
Professional fees	-	58,839	58,839	233,298	6,865	240,163	299,002
Refreshments and meals	-	681,460	681,460	44	104,331	104,375	785,835
Space rental and storage	-	152,219	152,219	22,500	59,560	82,060	234,279
Honorarium	-	140,324	140,324	-	1,000	1,000	141,324
Insurance	-	14,512	14,512	40,830	22,933	63,763	78,275
Telecommunication	-	8,950	8,950	-	2,897	2,897	11,847
Consultants and subcontractors	-	2,144,575	2,144,575	371,711	587,091	958,802	3,103,377
Postage and shipping	-	9,107	9,107	144	53,604	53,748	62,855
Travel and conferences	-	1,380,129	1,380,129	1,158	53,754	54,912	1,435,041
Printing and reproduction	-	127,079	127,079	-	41,975	41,975	169,054
Bank charges and credit card fees	-	9,645	9,645	41,344	75	41,419	51,064
Subscriptions and memberships	-	400,477	400,477	182,028	104,914	286,942	687,419
Miscellaneous	-	60,423	60,423	-	25	25	60,448
Grants and contributions	-	10,968,654	10,968,654	2,192,435	970,162	3,162,597	14,131,251
Advertising	-	137,229	137,229	830	12,082	12,912	150,141
Bad debt expense	-	203,799	203,799	-	-	-	203,799
Furniture or equipment purchased for the College (Note 2)	-	938,109	938,109	20,314	4,939	25,253	963,362
<b>Total expenses</b>	<b>\$ 7,712,970</b>	<b>\$ 20,365,501</b>	<b>\$ 28,078,471</b>	<b>\$ 3,724,562</b>	<b>\$ 2,478,305</b>	<b>\$ 6,202,867</b>	<b>\$ 34,281,338</b>

See 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
<b>Total expenses</b>	<b>\$ 6,635,323</b>	<b>\$ 18,039,412</b>	<b>\$ 24,674,735</b>	<b>\$ 2,997,974</b>	<b>\$ 1,722,330</b>	<b>\$ 4,720,304</b>	<b>\$ 29,395,039</b>

See notes to financial statements

# The Foundation for City College, Inc.

## Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 26,297,968	\$ (33,539,763)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debt expense	203,799	308,871
Loss (gain) on sale of investments	3,784,881	(46,297,459)
Unrealized (gain) loss on investments	(32,207,527)	107,595,027
Contributions restricted for long-term investment	(1,480,549)	(8,989,256)
Changes in:		
Contributions receivable, net	730,905	(10,494,960)
Grants receivable	350,000	(350,000)
Inventory	(10,582)	-
Prepaid expenses and other assets	208,231	(2,104,112)
Accounts payable and accrued expenses	488,034	1,150,271
Annuity payment liabilities	(102,275)	(91,479)
Other liabilities	5,429	123,398
Net cash flows from operating activities	<u>(1,731,686)</u>	<u>7,310,538</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(51,934,809)	(177,047,379)
Proceeds from sales and maturities of investments	53,614,123	159,409,579
Net cash flows from investing activities	<u>1,679,314</u>	<u>(17,637,800)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from contributions restricted for investment in endowment	1,480,549	8,989,256
Change in due from CUNY	-	5,224
Net cash flows from financing activities	<u>1,480,549</u>	<u>8,994,480</u>
Net change in cash and cash equivalents	1,428,177	(1,332,782)
<b>Cash and Cash Equivalents, Beginning</b>	1,218,741	-
Transfer of cash and cash equivalents from The City College 21st Century Foundation, Inc. and City College Fund	-	2,551,523
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,646,918</u>	<u>\$ 1,218,741</u>

See notes to financial statements

# The Foundation for City College, Inc.

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Notes to Financial Statements  
June 30, 2023 and 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

### Basis of Presentation

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 (U.S. GAAP).

### Cash and Cash Equivalents

The Foundation defines cash and cash equivalents as highly liquid, short-term investments with a maturity date at the date of acquisition of three months or less, except for cash and cash equivalents held by investments managers which are included in investments.

### Investments

Investments in mutual funds are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in the real asset fund and private equity funds are recorded at their net asset value (NAV) as provided by the investment fund managers as a practical expedient to fair value. The Foundation reviews and evaluates the values provided by the investment fund managers for reasonableness. Auction rate securities are valued at par based on the interest rate. Donated investments are reported at fair value at the date of receipt.

Investment income is recognized when earned. Investment income (including realized and unrealized gains and losses on investments and interest and dividends) is included in the changes in net assets without donor restrictions unless donor stipulations or law restricts the income or loss. Gains and losses on the sale of investments are based on an identified cost basis. Investment fees have been netted against investment income in the statements of activities and changes in net assets.

Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

### 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 present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

# The Foundation for City College, Inc.

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Notes to Financial Statements

June 30, 2023 and 2022

## Allowance for Doubtful Accounts and Bad Debt Expense

Contributions receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the contributions receivable by management. Factors used to determine whether an allowance should be recorded include the age of the receivable, a review of payments subsequent to year-end, historical information and other factors.

## 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.

## Split-Interest Agreements

Cash and other assets received from donors in exchange for a promise by the Foundation to pay a fixed amount to the donor or other individuals over a specified period of time are recognized at fair value when received. At inception, the annuity payment liability is recognized at the present value of future cash payments expected to be paid. The remainder is recorded as contribution income. The annuity payment liability is re-valued annually.

## Net Assets

The net assets of the Foundation are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Foundation.

**Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Foundation and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Foundation. These donor-restricted net assets represent endowment funds to be held in perpetuity.

## Endowment

The Foundation follows the provisions of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, related to enhanced disclosures for endowment funds. Specifically, the Foundation classifies the portion of the endowment funds that is not classified as net assets in perpetuity as net assets with donor restrictions until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to net assets without donor restrictions would not occur until the purpose restriction also has been met.

# The Foundation for City College, Inc.

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Notes to Financial Statements  
June 30, 2023 and 2022

## Revenue Recognition

### Contributions and Grants

Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the unconditional promise is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a 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 and change in net assets as net assets released from restrictions. Conditional promises to give are not included as support until the conditions, which include a barrier and a right of return or release, are substantially met.

### Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at fair value. Contributed salaries are comprised of financial and administrative services related to the operations of the Foundation. Amounts represent an estimated percentage of actual salary and benefits based on time worked on Foundation related activity. Contributed occupancy is recognized based on the fair value of the rental based on current rates for similar rental locations.

### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are related to more than one program or supporting function. Expenses that are allocated based on time and effort include salaries and benefits. Expenses that are allocated based on square footage utilized include occupancy costs.

### Tax-Exempt Status

The Foundation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

### Uncertain Tax Positions

Management evaluated the Foundation's tax positions and concluded that the Foundation has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the FASB ASC 740.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Reclassifications

Certain 2022 amounts have been reclassified to conform with the 2023 presentation. Such reclassifications had no effect on the reported changes in net assets.

### Subsequent Events

The Foundation has evaluated subsequent events through October 17, 2023, which is the date the financial statements were available to be issued.

## The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

### 3. Liquidity and Availability of Resources

The following table reflects the Foundation's financial assets available for general expenditure within one year as of June 30, 2023 and 2022. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,646,918	\$ 1,218,741
Investments	336,559,357	309,816,025
Contributions receivable	18,050,997	18,985,701
Total financial assets	357,257,272	330,020,467
Less donor-restricted amounts	<u>(329,519,641)</u>	<u>(309,369,787)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 27,737,631</u>	<u>\$ 20,650,680</u>

The Foundation has fluctuations of working capital and cash flow variations during the year attributable to the timing of cash receipts from contributions. As part of the Foundation's liquidity management, its practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

### 4. Investments

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has access to.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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 asset or liability;
- inputs that are derived principally from and corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology were unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

## The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

Mutual funds are valued at the daily closing price as reported by the fund. These are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to establish their daily NAV and to transact at that price. These funds are deemed to be actively traded.

The real asset fund and private equity funds are valued at the NAV of shares held as of year-end as determined by the investment fund managers. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held less any liability. The practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than reported at NAV.

Auction rate securities are debt or preferred equity securities that have interest rates which are re-set periodically and are valued at par.

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 as of the reporting date.

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

	<b>2023</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Mutual funds:				
Fixed income	\$ 58,889,864	\$ -	\$ -	\$ 58,889,864
Domestic equity	168,819,208	-	-	168,819,208
International equity	86,667,981	-	-	86,667,981
	<u>314,377,053</u>	-	-	<u>314,377,053</u>
Auction-rate preferred equity securities	-	-	950,000	950,000
Other	-	-	1,400	1,400
	<u>\$ 314,377,053</u>	<u>\$ -</u>	<u>\$ 951,400</u>	<u>315,328,453</u>
Investments valued at NAV				<u>21,230,904</u>
Total investments				<u>\$ 336,559,357</u>

## The Foundation for City College, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

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

The following table summarizes the activity for financial instruments classified as Level 3 as of June 30, 2023 and 2022:

Balance, June 30, 2021	\$ -
Transfer from The City College 21st Century Foundation, Inc.	<u>951,400</u>
Balance, June 30, 2022	\$ 951,400
Purchases, sales, transfers	<u>-</u>
Balance, June 30, 2023	<u>\$ 951,400</u>

Investment return for the year ended June 30, 2023 consists of the following:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and interest	\$ 3,485,682	\$ 5,547,470	\$ 9,033,152
Net realized loss on investments	(1,286,346)	(2,498,535)	(3,784,881)
Unrealized gains on investments	9,577,463	22,630,064	32,207,527
Commissions and fees	<u>(246,097)</u>	<u>(364,859)</u>	<u>(610,956)</u>
Total investment return	<u>\$ 11,530,702</u>	<u>\$ 25,314,140</u>	<u>\$ 36,844,842</u>



# The Foundation for City College, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

Investment return for the year ended June 30, 2022 consisted of the following:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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	(152,555)	(156,867)	(309,422)
<b>Total investment return</b>	<b>\$ (19,531,074)</b>	<b>\$ (27,312,367)</b>	<b>\$ (46,843,441)</b>

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:

	<b>Fair Value as of June 30:</b>		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Term*</b>
	<b>2023</b>	<b>2022</b>			
Real Asset Fund**	\$ 14,664,943	\$ 18,418,847	None	Daily	Daily
Private Equity Funds	6,565,961	2,390,950	\$15,546,281	Illiquid	Illiquid
	<b>\$ 21,230,904</b>	<b>\$ 20,809,797</b>			

\* 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.

\*\* Investment is a mutual fund that seeks to offer broad, cost-effective exposure to commodities, global natural resource equities, global infrastructure equities, U.S. commercial real estate securities, and U.S inflation-linked bonds.

## 5. Contribution Receivable

The Foundation's contributions receivable as of June 30 are summarized below:

	<b>2023</b>	<b>2022</b>
Total contributions receivable	\$ 19,971,622	\$ 21,142,488
Less allowance for doubtful accounts	(822,454)	(1,014,316)
Less discount to present value	(1,098,171)	(1,142,471)
<b>Net present value of contributions receivable</b>	<b>\$ 18,050,997</b>	<b>\$ 18,985,701</b>
Amounts due in:		
One year or less	\$ 8,951,430	\$ 10,333,485
Two to five years	7,745,118	6,905,782
More than five years	1,354,449	1,746,434
<b>Total</b>	<b>\$ 18,050,997</b>	<b>\$ 18,985,701</b>

The discount rate used to record amounts due in two to five years was between 2.98% and 4.13% and 0.87% and 3.01% at the time of the contribution as of June 30, 2023 and 2022, respectively.

# The Foundation for City College, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

## 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the amounts restricted for the following as of June 30:

	<u>2023</u>	<u>2022</u>
Time or purpose restricted and unappropriated earnings on endowment:		
Scholarship programs and college activities supporting programs	\$ 171,809,517	\$ 152,517,959
Endowment activities:		
Scholarship programs and college activities supporting programs	<u>157,710,124</u>	<u>156,851,828</u>
Total net assets with donor restrictions	<u>\$ 329,519,641</u>	<u>\$ 309,369,787</u>

Net assets released from donor restrictions by appropriation or by incurring expenses satisfying the restricted purposes of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Scholarships and awards and college support	\$ 26,627,275	\$ 20,983,685

## 7. Endowments

### General

The Foundation's endowment consists of approximately 390 donor-restricted endowment funds for the purposes indicated below.

### Endowment

The Foundation's endowment funds are established to provide (i) scholarships, fellowships, prizes and other assistance to students of the College; (ii) awards, prizes and subventions to the College faculty and staff or other persons for outstanding achievements or services to the College; (iii) funds for the library, academic departments and for the administration of the College; (iv) support for the establishment, maintenance, building, improvement, operation and support of recreational rooms, places and buildings of the College; and (v) support for the functioning and operation of the curricular and extra-curricular activities of the College and its related and associated agencies.

### Interpretation of Relevant Law

The Board of Trustees of the Foundation has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation is now governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as time or time and purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by NYPMIFA. Management has interpreted NYPMIFA as allowing spending from underwater endowment funds in accordance with the spending policy.

# The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

## Return Objectives, Strategies Employed and Spending Policy

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 Board utilized a spending rate of 4% of the fair value of the endowment funds at the beginning of the each of the years ended June 30, 2023 and 2022 to determine its annual drawdown from the endowment.

## Funds With Deficiencies

The Foundation does not have any funds with deficiencies as of June 30, 2023.

## Endowment Funds

The following represents the composition of endowment net assets by fund type as of June 30, 2023:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment funds	\$ 157,710,124	\$ 64,352,955	\$ 222,063,079

The changes in endowment net assets were as follows for the year ended June 30, 2023:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment net assets, beginning	\$ 156,851,828	\$ 52,313,290	\$ 209,165,118
Contributions	1,480,549	-	1,480,549
Present value discount - revenue	(11,166)	-	(11,166)
Investment income	-	20,342,920	20,342,920
Transfers	(675,147)	(4,006,677)	(4,681,824)
Appropriations	-	(4,296,578)	(4,296,578)
Other	64,060	-	64,060
Endowment net assets, ending	<u>\$ 157,710,124</u>	<u>\$ 64,352,955</u>	<u>\$ 222,063,079</u>

The following represents the composition of endowment net assets by fund type as of June 30, 2022:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment funds	\$ 156,851,828	\$ 52,313,290	\$ 209,165,118

# The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

The changes in endowment net assets were as follows for the year ended June 30, 2022:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment net assets, beginning	\$ -	\$ -	\$ -
Transfer from City College Fund	33,939,350	35,223,734	69,163,084
Transfer from The City College 21st Century Foundation, Inc	112,026,481	49,727,030	161,753,511
Contributions	8,989,256	-	8,989,256
Present value discount - revenue	592,798	-	592,798
Investment loss	-	(21,777,277)	(21,777,277)
Severance of endowment	(35,902)	-	(35,902)
Transfers	1,339,845	-	1,339,845
Appropriations	-	(10,860,197)	(10,860,197)
Endowment net assets, ending	<u>\$ 156,851,828</u>	<u>\$ 52,313,290</u>	<u>\$ 209,165,118</u>

## 8. Related-Party Transactions

The Foundation utilizes certain facilities and professional services provided by the College. The estimated fair value of occupancy costs and salaries and benefits amounted to approximately \$56,250 and \$963,589, respectively, for the year ended June 30, 2023, and \$61,250 and \$1,062,709, respectively, for the year ended June 30, 2022, and are included in the accompanying statements of activities and change in net assets as both income and expense.

## 9. Concentrations

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits and investments held by investment managers. The Foundation has separately insured the balances over the FDIC limits with JPMorgan Chase Bank, N.A.

Pledges at gross totaling approximately \$10,906,194 from five donors and \$12,020,544 from five donors before discounting represent a significant portion of the total outstanding contributions receivable balance as of June 30, 2023 and 2022, respectively.

As of June 30, 2023, and 2022, approximately 6% and 6%, respectively, of gross outstanding contributions receivable represent amounts due from the Foundation's Board of Director members.

## 10. Contributed Nonfinancial Assets

The Foundation recognized contributed nonfinancial assets within revenue, including occupancy and salaries. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed occupancy is used for management and general and fundraising activities. In valuing the contributed occupancy, which is located on campus, the Foundation estimated the fair value of the rental based on current rates for similar rental locations.

Contributed services recognized are comprised of services from employees of the College used for management and general and fundraising activities. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current wages of the employees whose services are donated by the College.

## The Foundation for City College, Inc.

Notes to Financial Statements  
June 30, 2023 and 2022

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities and change in net assets included the following:

	<u>2023</u>	<u>2022</u>
Salaries	\$ 963,589	\$ 1,062,709
Rent	56,250	61,250
	<u>\$ 1,019,839</u>	<u>\$ 1,123,959</u>

### 11. Transfer of Net Assets

The transfer of net assets from the City College Fund and The City College 21st Century Foundation, Inc. during the year ended June 30, 2021 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>