

The Foundation for City College, Inc.

Financial Statements

June 30, 2024 and 2023

The Foundation for City College, Inc.

Table of Contents
June 30, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

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 statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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, 2024 and 2023, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits 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 audits. 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 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
September 20, 2024

The Foundation for City College, Inc.

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 5,719,544	\$ 2,646,918
Investments	374,465,452	336,559,357
Contributions receivable, net	20,114,091	18,050,997
Inventory	14,852	10,582
Prepaid expenses and other assets	4,918,008	1,971,163
	<u>405,231,947</u>	<u>359,239,017</u>
Total assets	<u>\$ 405,231,947</u>	<u>\$ 359,239,017</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,176,868	\$ 1,783,738
Annuity payment liabilities	171,006	195,378
Other liabilities	359,542	313,547
	<u>2,707,416</u>	<u>2,292,663</u>
Total liabilities	<u>2,707,416</u>	<u>2,292,663</u>
Net Assets		
Without donor restrictions	43,017,602	27,426,713
With donor restrictions	359,506,929	329,519,641
	<u>402,524,531</u>	<u>356,946,354</u>
Total net assets	<u>402,524,531</u>	<u>356,946,354</u>
Total liabilities and net assets	<u>\$ 405,231,947</u>	<u>\$ 359,239,017</u>

See notes to financial statements

The Foundation for City College, Inc.

Statement of Activities and Change in Net Assets

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,576,673	\$ 27,714,370	\$ 29,291,043
Grants	-	964,113	964,113
Store merchandise gross profit	217	-	217
Contributed nonfinancial assets	1,102,781	-	1,102,781
Investment return	17,565,724	29,396,525	46,962,249
Other income	11,121	461,416	472,537
Change in value of split-interest agreements	-	(6,807)	(6,807)
Return of endowment funds	-	(100,000)	(100,000)
Net assets released from restrictions, satisfaction of purpose restrictions	28,442,329	(28,442,329)	-
Total support and revenue	48,698,845	29,987,288	78,686,133
Expenses			
Program services:			
Scholarship programs	7,699,664	-	7,699,664
College activities supporting programs	19,718,728	-	19,718,728
Total program services	27,418,392	-	27,418,392
Supporting services:			
Management and general	3,707,286	-	3,707,286
Fundraising	1,982,278	-	1,982,278
Total supporting services	5,689,564	-	5,689,564
Total expenses	33,107,956	-	33,107,956
Change in net assets	15,590,889	29,987,288	45,578,177
Net Assets, Beginning	27,426,713	329,519,641	356,946,354
Net Assets, Ending	\$ 43,017,602	\$ 359,506,929	\$ 402,524,531

See notes to financial statements

The Foundation for City College, Inc.

Statement of Activities and Change in Net Assets

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,251,001	\$ 20,274,184	\$ 21,525,185
Grants	-	801,625	801,625
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	334,542	334,582
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>
Expenses			
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
Net Assets, Beginning	<u>21,278,599</u>	<u>309,369,787</u>	<u>330,648,386</u>
Net Assets, Ending	<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 Functional Expenses

Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Scholarship Programs	College Activities Supporting Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ -	\$ 4,331,148	\$ 4,331,148	\$ 1,227,903	\$ 276,633	\$ 1,504,536	\$ 5,835,684
Payroll taxes and fringe benefits	-	268,199	268,199	230,679	129,143	359,822	628,021
Scholarships and awards	7,699,664	-	7,699,664	-	-	-	7,699,664
Equipment, repairs and maintenance	-	33,460	33,460	7,370	-	7,370	40,830
Supplies	-	654,170	654,170	12,390	19,842	32,232	686,402
Professional fees	-	205,417	205,417	223,750	120	223,870	429,287
Refreshments and meals	-	742,724	742,724	363	80,329	80,692	823,416
Space rental and storage	-	146,873	146,873	28,954	33,750	62,704	209,577
Honorarium	-	142,502	142,502	-	-	-	142,502
Insurance	-	31,002	31,002	6,287	-	6,287	37,289
Telecommunication	-	4,261	4,261	121	527	648	4,909
Consultants and subcontractors	-	3,026,403	3,026,403	280,086	408,391	688,477	3,714,880
Postage and shipping	-	29,004	29,004	1,612	36,762	38,374	67,378
Travel and conferences	-	2,119,265	2,119,265	9,874	50,482	60,356	2,179,621
Printing and reproduction	-	83,986	83,986	-	57,929	57,929	141,915
Bank charges and credit card fees	-	14,383	14,383	36,274	17	36,291	50,674
Subscriptions and memberships	-	163,713	163,713	110,643	89,591	200,234	363,947
Miscellaneous	-	381	381	-	-	-	381
Grants and contributions	-	6,585,587	6,585,587	1,503,838	785,822	2,289,660	8,875,247
Advertising	-	49,151	49,151	3,507	5,062	8,569	57,720
Bad debt expense	-	469,168	469,168	-	-	-	469,168
Furniture or equipment purchased for the College (Note 2)	-	617,931	617,931	23,635	7,878	31,513	649,444
Total expenses	\$ 7,699,664	\$ 19,718,728	\$ 27,418,392	\$ 3,707,286	\$ 1,982,278	\$ 5,689,564	\$ 33,107,956

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
Total expenses	\$ 7,712,970	\$ 20,365,501	\$ 28,078,471	\$ 3,724,562	\$ 2,478,305	\$ 6,202,867	\$ 34,281,338

See notes to financial statements

The Foundation for City College, Inc.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 45,578,177	\$ 26,297,968
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debt expense	469,168	203,799
Loss on sale of investments	149,009	3,784,881
Unrealized gain on investments	(37,678,851)	(32,207,527)
Contributions restricted for long-term investment	(5,352,194)	(1,480,549)
Changes in:		
Contributions receivable	(2,532,262)	730,905
Grants receivable	-	350,000
Inventory	(4,270)	(10,582)
Prepaid expenses and other assets	(2,946,845)	208,231
Accounts payable and accrued expenses	393,130	488,034
Annuity payment liabilities	(24,372)	(102,275)
Other liabilities	45,995	5,429
Net cash flows from operating activities	<u>(1,903,315)</u>	<u>(1,731,686)</u>
Cash Flows From Investing Activities		
Purchase of investments	(51,763,177)	(51,934,809)
Proceeds from sales and maturities of investments	51,386,924	53,614,123
Net cash flows from investing activities	<u>(376,253)</u>	<u>1,679,314</u>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for investment in endowment	5,352,194	1,480,549
Net cash flows from financing activities	<u>5,352,194</u>	<u>1,480,549</u>
Net change in cash and cash equivalents	3,072,626	1,428,177
Cash and Cash Equivalents, Beginning	<u>2,646,918</u>	<u>1,218,741</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,719,544</u>	<u>\$ 2,646,918</u>

See notes to financial statements

The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

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.

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 investment 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.

Notes to Financial Statements

June 30, 2024 and 2023

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 and changes in net assets 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.

Notes to Financial Statements
June 30, 2024 and 2023

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 2023 amounts have been reclassified to conform with the 2024 presentation.

Subsequent Events

The Foundation has evaluated subsequent events through September 20, 2024, which is the date the financial statements were available to be issued.

The Foundation for City College, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 5,719,544	\$ 2,646,918
Investments	374,465,452	336,559,357
Contributions receivable	20,114,091	18,050,997
	<hr/>	<hr/>
Total financial assets	400,299,087	357,257,272
	<hr/>	<hr/>
Less donor-restricted amounts	(359,506,929)	(329,519,641)
Less annuity obligations	(171,006)	(195,378)
	<hr/>	<hr/>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 40,621,152</u>	<u>\$ 27,542,253</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, 2024 and 2023

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, 2024 and 2023.

Level 1 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 level 2 mutual fund is valued based on underlying prices of securities held by the fund, which are unobservable inputs.

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:

	2024			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 34,025,500	\$ 28,470,182	\$ -	\$ 62,495,682
Domestic equity	185,784,982	-	-	185,784,982
International equity	95,768,727	-	-	95,768,727
	<u>315,579,209</u>	<u>28,470,182</u>	<u>-</u>	<u>344,049,391</u>
Auction-rate preferred equity securities	-	-	350,000	350,000
Other	-	-	1,400	1,400
	<u>\$ 315,579,209</u>	<u>\$ 28,470,182</u>	<u>\$ 351,400</u>	<u>344,400,791</u>
Investments valued at NAV				<u>30,064,661</u>
Total investments				<u>\$ 374,465,452</u>

The Foundation for City College, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

	2023			Total
	Level 1	Level 2	Level 3	
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>	-	-	314,377,053
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>	315,328,453
Investments valued at NAV				<u>21,230,904</u>
Total investments				<u>\$ 336,559,357</u>

The following table summarizes the activity for financial instruments classified as Level 3 as of June 30, 2024 and 2023:

Balance, June 30, 2022	\$ 951,400
Purchases, sales, transfers	-
Balance, June 30, 2023	951,400
Purchases	-
Sales and transfers	(600,000)
Balance, June 30, 2024	<u>\$ 351,400</u>

Investment return for the year ended June 30, 2024 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 3,901,630	\$ 6,211,477	\$ 10,113,107
Net realized loss on investments	(110,371)	(38,638)	(149,009)
Unrealized gains on investments	14,062,564	23,616,287	37,678,851
Commissions and fees	(288,099)	(392,601)	(680,700)
Total investment return	<u>\$ 17,565,724</u>	<u>\$ 29,396,525</u>	<u>\$ 46,962,249</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	(246,097)	(364,859)	(610,956)
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, 2024 and 2023

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:

	Fair Value as of June 30		As of June 30, 2024		
	2024	2023	Unfunded Commitments	Redemption Frequency	Redemption Term*
State Street Real Asset Fund (a)	\$ 15,478,167	\$ 14,664,943	None	Daily	Daily
HarbourVest 2021 Global Feeder Fund L.P. (b)	6,150,479	4,059,139	\$ 3,459,527	Illiquid	Illiquid
Red Arts Capital Opportunity Fund I, L.P. (c)	1,242,290	715,049	1,719,828	Illiquid	Illiquid
HarbourVest 2022 Global Feeder Fund L.P. (d)	2,317,044	560,364	3,125,000	Illiquid	Illiquid
Kingswood Capital Opportunities Fund II-A LP (e)	2,177,853	436,139	901,795	Illiquid	Illiquid
TrueBridge Capital Partners Fund VII (f)	1,540,334	795,270	1,440,000	Illiquid	Illiquid
HarbourVest 2023 Global Feeder Fund L.P. (g)	1,017,808	-	5,040,000	Illiquid	Illiquid
TrueBridge Capital Partners Fund VIII (Cayman), L.P. (h)	140,686	-	2,820,000	Illiquid	Illiquid
	<u>\$ 30,064,661</u>	<u>\$ 21,230,904</u>			

* Redemption term represents 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.

State Street Real Asset Fund (a) - 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.

HarbourVest 2021 Global Feeder Fund L.P. (b) - This fund's intent is to construct a diversified portfolio over the course of an eighteen-to-twenty-four-month investment period, taking advantage of attractive opportunities across the global private equity market with an emphasis on North America and Europe.

Red Arts Capital Opportunity Fund I, L.P. (c) - The fund makes control investments in lower middle markets and middle market businesses within the supply chain and logistics industries.

HarbourVest 2022 Global Feeder Fund L.P. (d) - The fund's intent is to construct a diversified portfolio over the course of an eighteen-to-twenty-four-month investment period. The Fund takes advantage of attractive opportunities across the global private equity market with an emphasis on North America and Europe.

Kingswood Capital Opportunities Fund II-A LP (e) - The fund invests in companies that are undergoing an operational, structural, or transactional complexity whereby they are able to purchase a company at an attractive basis with little or no competition.

TrueBridge Capital Partners Fund VII (f) - The fund makes investments with highly sought after and difficult to access venture capital managers.

The Foundation for City College, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

HarbourVest 2023 Global Feeder Fund L.P (g) -The fund's intent is to construct a diversified portfolio over the course of an eighteen-to-twenty-four-month investment period, taking advantage of attractive opportunities across the global private equity market with an emphasis on North America and Europe.

TrueBridge Capital Partners Fund VIII (Cayman), L.P. (h) - The fund makes investments with highly sought after and difficult to access venture capital managers.

5. Contribution Receivable

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

	<u>2024</u>	<u>2023</u>
Total contributions receivable	\$ 22,351,385	\$ 19,971,622
Less allowance for doubtful accounts	(907,104)	(822,454)
Less discount to present value	(1,330,190)	(1,098,171)
Net present value of contributions receivable	<u>\$ 20,114,091</u>	<u>\$ 18,050,997</u>
Amounts due in:		
One year or less	\$ 10,601,318	\$ 8,951,430
Two to five years	7,997,132	7,745,118
More than five years	1,515,641	1,354,449
Total	<u>\$ 20,114,091</u>	<u>\$ 18,050,997</u>

The discount rate used to record amounts due in two to five years was between .66% and 4.36% and .87% and 4.13% at the time of the contribution as of June 30, 2024 and 2023, respectively.

6. Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Time or purpose restrictions:		
Scholarship programs and college activities supporting programs	\$ 112,613,345	\$ 107,456,562
Unappropriated endowment income:		
Scholarship programs and college activities supporting programs	78,418,693	64,352,955
Endowment activities:		
Scholarship programs and college activities supporting programs	168,474,891	157,710,124
Total net assets with donor restrictions	<u>\$ 359,506,929</u>	<u>\$ 329,519,641</u>

The Foundation for City College, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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>2024</u>	<u>2023</u>
Scholarships and awards and college support	\$ 28,442,329	\$ 26,627,275

7. Endowments

General

The Foundation's endowment consists of approximately 410 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.

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, 2024 and 2023 to determine its annual drawdown from the endowment.

The Foundation for City College, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

Funds With Deficiencies

The Foundation does not have any funds with deficiencies as of June 30, 2024 and 2023.

Endowment Funds

The following represents the composition of endowment net assets by fund type as of June 30, 2024:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment funds	\$ 168,474,891	\$ 78,418,693	\$ 246,893,584

The changes in endowment net assets were as follows for the year ended June 30, 2024:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment net assets, beginning	\$ 157,710,124	\$ 64,352,955	\$ 222,063,079
Contributions	5,352,194	-	5,352,194
Present value discount - revenue	11,009	-	11,009
Investment income	-	23,327,491	23,327,491
Transfers	5,501,564	(3,773,400)	1,728,164
Appropriations	-	(5,488,353)	(5,488,353)
Return of endowment funds	(100,000)	-	(100,000)
Endowment net assets, ending	<u>\$ 168,474,891</u>	<u>\$ 78,418,693</u>	<u>\$ 246,893,584</u>

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 Foundation for City College, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 \$1,046,531 respectively, for the year ended June 30, 2024, and \$56,250 and \$963,589, respectively, for the year ended June 30, 2023, and are included in the accompanying statements of activities and change in net assets as both income and expense.

For the years ended June 30, 2024 and 2023, the Foundation received contributions of approximately \$59,825 and \$67,280, respectively, from members of its Board of Directors.

As of June 30, 2024 and 2023, approximately 5% and 6%, respectively, of gross outstanding contributions receivable represent amounts due from the Foundation's Board of Director members.

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 \$8,786,000 from three donors and \$10,906,000 from five donors before discounting represent a significant portion of the total outstanding contributions receivable balance as of June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, contributions from two donors each year of approximately \$10,000,000 and \$4,654,000, respectively, represent approximately 34% and 22%, respectively, of the total contributions revenue.

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.

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and change in net assets included the following:

	<u>2024</u>	<u>2023</u>
Salaries	\$ 1,046,531	\$ 963,589
Rent	<u>56,250</u>	<u>56,250</u>
	<u>\$ 1,102,781</u>	<u>\$ 1,019,839</u>