

**WESTCHESTER COMMUNITY COLLEGE
FOUNDATION**

FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

November 21, 2019

Executive Director Summary FY 2018-2019

This year the Westchester Community College Foundation celebrates 50 years of fulfilling potential in our community. Since its founding in 1969, the Foundation has raised over \$100 million to meet College and student needs not covered by public support. While scholarship support remains at the heart of its mission, The Foundation has also funded capital projects, faculty development, emergency student aid, and new and innovative program initiatives to promote student success. These programs enable the College to provide attainable, affordable and excellent education to all who seek it.

An independent Board of Directors made up of community leaders throughout Westchester County governs the Foundation. The efforts of the Foundation are made possible through the continuing support of individuals, local businesses, corporations and foundations that are committed to advancing the mission of the College. Fundraising highlights of the year include:

- Scholarship giving continues to increase and the WCC Foundation was able to again distribute more than \$2 million in scholarship funding to deserving students. Significant new scholarships included a \$100,000 grant to establish the PepsiCo Performance with a Purpose scholarship; a \$650,000 donation from the Weingarten Family Foundation to endow their scholarship giving; and a grant of over \$72,000 from the 1199SEIU Home Care Industry Education Fund, which established our first tuition support program for non-credit workforce development students.
- The Fund for WCC, the Foundation's largest source of unrestricted funding, had another successful year, raising over \$580,000, again exceeding its goal by 15%. We saw increased giving in every category, with notable gains in Board participation and our President's Council.

The Foundation's special events raised over \$238,000 this year, representing an increase in number of events, number of attendees and 37% higher net proceeds over the previous year. Contributing to this was expanded marketing for the fall Great Chefs series, which enabled the Foundation to distribute almost 250 thanksgiving dinners to needy students, and the 25th Anniversary season of Celebrity Salons, which presented a record 14 events in the spring.

The Foundation also provided support of \$2,317,346 for various College programs, including Gateway Center initiatives, Student Support Services, the Veteran's Center, the Virginia Marx Children's Center, the Native Plant Center, the Alumni Association and volunteer programs.

Beginning in the fall of 2013, the Foundation embarked upon a comprehensive campaign to significantly improve student outcomes through programs and services designed to increase student readiness, success and overall support. The campaign has focused on securing major gifts and bequests to initiate new programs and increase scholarship support. Positive response has enabled us to surpass the original \$30 million goal; and, as of August 31, 2019, we have raised \$43 million. In honor of the Foundation's 50th anniversary, a new campaign goal has been set at \$50 million with a target of reaching this mark by the College's 75th anniversary in 2021.

Highlights of the Pathways Campaign 2018-2019 fundraising activities included:

- JPMorgan Chase and Westchester Community Foundation (a division of the New York Community Trust) teamed up to support WCC's first Workforce Training Extension Center, with grants of \$200,000 and \$100,000 respectively. Located in downtown White Plains, short-term classes leading to jobs in information technology, health care and culinary management will be offered, as well as pathways towards degrees.
- Legacy giving for the WCC Foundation has increased. Several generous individuals have made their bequest intentions known to us, with one currently valued at \$2 million.
- Long-time Board member, scholarship donor and visionary, Lois Cowan, was a steadfast supporter of WCC students and was the first to establish resources for student emergency aid at the College. Her interest in addressing food insecurity in students eventually led to the establishment of the college's Food Pantry which she helped to make possible. Her recently received bequest helps perpetuate this important assistance for our students.

Fifty years ago, the Westchester Community College Foundation set out to make a difference in the lives of our students and the community. Little did our founders know then that their efforts would help tens of thousands of students achieve their educational dreams. To the first donors who had a vision and to our current donors who have kept their vision alive, we salute you.

Thank you for supporting our mission to educate and empower.

Sincerely,



Eve Larner

Vice President, External Affairs

Executive Director, WCC Foundation

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westchester Community College Foundation
Valhalla, New York

We have audited the accompanying financial statements of Westchester Community College Foundation, (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westchester Community College Foundation as of August 31, 2019 and 2018, 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.

Other matters

Adoption of new accounting guidance:

As discussed in Note 2 to the financial statements, in 2019, Westchester Community College Foundation adopted new accounting guidance related to the presentation of financial statements of not-for-profit entities. Our report is not modified with respect to this matter.



Rye Brook, New York
November 21, 2019

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,559,594	\$ 1,726,358
Accrued interest receivable	96,896	67,635
Prepaid expenses and other assets	25,316	5,695
Marketable investments	48,342,961	46,883,499
Pledges receivable, net	200	133,500
Assets of gift annuity fund	83,978	92,046
Investments in partnerships	3,325,294	3,186,006
Furniture and equipment, net of accumulated depreciation of \$12,192 and \$14,934	<u>7,973</u>	<u>8,644</u>
Total assets	<u><u>\$53,442,212</u></u>	<u><u>\$52,103,383</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 267,945	\$ 427,869
Deferred revenue	85,000	135,700
Annuity payment liability	<u>68,748</u>	<u>72,135</u>
Total liabilities	<u>421,693</u>	<u>635,704</u>
Net assets:		
Without donor restrictions	3,398,067	3,244,915
With donor restrictions	<u>49,622,452</u>	<u>48,222,764</u>
Total net assets	<u>53,020,519</u>	<u>51,467,679</u>
Total liabilities and net assets	<u><u>\$53,442,212</u></u>	<u><u>\$52,103,383</u></u>

See notes to financial statements.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues and gains:			
Contributions, annual fundraising activities	\$ 688,227	\$ 4,676,048	\$ 5,364,275
Payroll and facilities support, Westchester Community College	411,300	-	411,300
Special events, net	185,028	-	185,028
Investment income, net	395,954	515,329	911,283
Net appreciation (depreciation) in fair value of investments	(3,495)	307,946	304,451
Net appreciation in fair value of partnerships	-	(13,554)	(13,554)
Change in value of gift annuity	(4,680)	-	(4,680)
Total revenues and gains	<u>1,672,334</u>	<u>5,485,769</u>	<u>7,158,103</u>
Reclassifications:			
Change in donor-imposed restrictions	(342,000)	342,000	-
Net assets released from restrictions:			
Satisfaction of program restrictions	4,428,081	(4,428,081)	-
Total reclassifications	<u>4,086,081</u>	<u>(4,086,081)</u>	<u>-</u>
Total revenues, gains and reclassifications	<u>5,758,415</u>	<u>1,399,688</u>	<u>7,158,103</u>
Expenses:			
Program services	4,745,566	-	4,745,566
Management and general	350,359	-	350,359
Fundraising	509,338	-	509,338
Total expenses	<u>5,605,263</u>	<u>-</u>	<u>5,605,263</u>
Change in net assets	153,152	1,399,688	1,552,840
Net assets, beginning of year	<u>3,244,915</u>	<u>48,222,764</u>	<u>51,467,679</u>
Net assets, end of year	<u>\$ 3,398,067</u>	<u>\$ 49,622,452</u>	<u>\$ 53,020,519</u>

See notes to financial statements.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenues and gains:			
Contributions, annual fundraising activities	\$ 627,277	\$ 3,584,641	\$ 4,211,918
Payroll and facilities support, Westchester Community College	257,825	-	257,825
Special events, net	134,716	-	134,716
Investment income, net	319,609	599,536	919,145
Net appreciation (depreciation) in fair value of investments	(4,832)	1,933,428	1,928,596
Net appreciation in fair value of partnership	-	350,537	350,537
Change in value of gift annuity	(5,301)	-	(5,301)
Total revenues and gains	<u>1,329,294</u>	<u>6,468,142</u>	<u>7,797,436</u>
Reclassifications:			
Net assets released from restrictions:			
Satisfaction of program restrictions	4,401,704	(4,401,704)	-
Total revenues, gains and reclassifications	<u>5,730,998</u>	<u>2,066,438</u>	<u>7,797,436</u>
Expenses:			
Program services	4,692,188	-	4,692,188
Management and general	257,337	-	257,337
Fundraising	393,542	-	393,542
Total expenses	<u>5,343,067</u>	<u>-</u>	<u>5,343,067</u>
Change in net assets	387,931	2,066,438	2,454,369
Net assets, beginning of year	<u>2,856,984</u>	<u>46,156,326</u>	<u>49,013,310</u>
Net assets, end of year	<u>\$ 3,244,915</u>	<u>\$ 48,222,764</u>	<u>\$ 51,467,679</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,552,840	\$ 2,454,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,458	2,550
Net appreciation in fair value of investments	(304,451)	(1,928,596)
Net appreciation in fair value of partnerships	13,554	(350,537)
Net decrease in assets of gift annuity fund	8,068	8,770
Decrease (increase) in operating assets:		
Pledges receivable	133,300	1,167,534
Accrued interest receivable	(29,261)	461
Prepaid expenses and other assets	(19,621)	10,871
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(159,924)	156,584
Deferred income	(50,700)	135,200
Annuity payment liability	(3,388)	(3,469)
Net cash provided by operating activities	<u>1,143,875</u>	<u>1,653,737</u>
Cash flows from investing activities:		
Purchase of equipment	(2,787)	(4,721)
Purchase of investments in partnerships (ownership interest)	(400,605)	(344,179)
Proceeds from distributions from partnerships	265,430	139,275
Purchase of marketable investments	(45,699,884)	(35,504,724)
Proceeds from sales/maturities of marketable investments	<u>44,527,207</u>	<u>33,509,993</u>
Net cash (used in) investing activities	<u>(1,310,639)</u>	<u>(2,204,356)</u>
Net decrease in cash and cash equivalents	(166,764)	(550,619)
Cash and cash equivalents, beginning of year	<u>1,726,358</u>	<u>2,276,977</u>
Cash and cash equivalents, end of year	<u>\$ 1,559,594</u>	<u>\$ 1,726,358</u>

See notes to financial statements.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2019

	Program services	Management and general	Fundraising	Total
Grants - Institutional development	\$ 2,317,346	\$ -	\$ -	\$ 2,317,346
Grants - Scholarships awarded	2,166,270	-	-	2,166,270
Salaries and benefits	152,364	287,866	413,298	853,528
Accounting fees	2,827	17,019	1,754	21,600
Outside services	8,620	-	-	8,620
Office administrative costs	2,375	14,296	1,473	18,144
Software support	2,118	12,752	1,314	16,184
Conferences, conventions and meetings	6,957	-	-	6,957
Depreciation	452	2,725	281	3,458
Insurance	2,009	12,093	1,246	15,348
Development expenses	24,883	-	89,600	114,483
Alumni development	48,128	-	-	48,128
Office expenses	2,230	3,229	333	5,792
Printing and publications	3,650	-	-	3,650
Dues and fees	4,454	-	-	4,454
Postage and shipping	63	379	39	481
Community relations	820	-	-	820
	<u>\$ 4,745,566</u>	<u>\$ 350,359</u>	<u>\$ 509,338</u>	<u>\$ 5,605,263</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2018

	Program services	Management and general	Fundraising	Total
Grants - Institutional development	\$ 2,482,254	\$ -	\$ -	\$ 2,482,254
Grants - Scholarships awarded	2,001,625	-	-	2,001,625
Salaries and benefits	98,896	199,191	361,947	660,034
Accounting fees	7,033	12,438	2,129	21,600
Outside services	17,992	11,540	1,976	31,508
Office administrative costs	5,666	10,021	1,716	17,403
Software support	5,142	9,095	1,557	15,794
Conferences, conventions and meetings	10,183	-	-	10,183
Depreciation	831	1,468	251	2,550
Insurance	4,465	7,896	1,352	13,713
Development expenses	22,504	-	21,639	44,143
Alumni development	21,689	-	-	21,689
Office expenses	3,148	5,568	953	9,669
Printing and publications	3,686	-	-	3,686
Dues and fees	3,114	-	-	3,114
Postage and shipping	65	120	22	207
Community relations	3,895	-	-	3,895
	<u>\$ 4,692,188</u>	<u>\$ 257,337</u>	<u>\$ 393,542</u>	<u>\$ 5,343,067</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

1. The Foundation:

The Westchester Community College Foundation (the Foundation) was formed to receive and maintain a fund (or funds) of real or personal property, or both, and to use and apply the income therefrom or the whole or any part of the principal, or both, exclusively to aid and advance the development, purposes and programs of Westchester Community College.

The Foundation's supplemental support for the benefit of Westchester Community College primarily provides scholarships for its incoming, continuing and graduating students. The Foundation also finances faculty development, educational programming and college operating and capital expenditures. The Foundation's support strengthens and enriches the educational life and environment of Westchester Community College.

2. Summary of significant accounting policies:

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of net assets:

The Foundation's net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- **Net assets without donor restrictions:** Assets that are available for use and are not subject to donor-imposed restrictions. This class also includes previously restricted net assets where restrictions have been met or expired.
- **Net assets with donor restrictions:** Assets that are subject to usage limitations based on donor-imposed or grantor restrictions. Restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may need to be maintained in perpetuity.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Recognition of revenue:

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as a component of net assets released from restrictions.

Unconditional promises to give are recorded as revenue and pledges receivable upon notification. Pledges receivable due in the next year are recorded at their nominal value. Pledges receivable due in subsequent years are recorded at the present value of their nominal value, using the applicable interest rates applicable to the years in which the promises are received. The risk adjusted discount rate is established at the time the pledges are received. A discount rate of 4.5% (each year) has been used to determine the net present value of pledges due to be received in more than one year. An allowance for uncollectible pledges receivable is provided based on historical trends and management's evaluation of potential uncollectible pledges receivable at year-end. To recognize risk associated with collections of pledges receivable, management has elected to recognize a minimum allowance for uncollectible pledges of 1% of the outstanding pledge receivable balance.

Deferred revenue is recorded when a contribution or other revenue is received that is contingent on future events or other such conditions that would require the funds to be returned if those conditions are not met.

Use of estimates:

The preparation of financial statements in conformity with 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 amount of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Investments:

The Foundation records investments in publicly traded marketable debt and equity securities and its minority interest in a timber and investment partnership at fair value in the statements of financial position and recognizes changes in fair value as gains or losses in the statements of activities.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Investments (continued):

The Foundation accounts for its minority interest in a real estate partnership, which is not readily marketable, at fair value, as determined by the donor at the date of the contribution. Distributions received are accounted for as current income.

Fair value measurements:

GAAP establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques and creates the following three broad levels, with Level 1 valuation being the highest priority:

Level 1 valuation:

Inputs are quoted market prices in active markets that the Foundation can access for identical assets or liabilities at the measurement date (e.g., equity securities traded on the New York Stock Exchange).

Level 2 valuation:

Inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

Level 3 valuation:

Inputs are unobservable (e.g., an entity's own data) and should be used to measure fair value to the extent that observable inputs are not available.

GAAP provides entities with an option to report selected financial assets and financial liabilities at fair value. It also establishes presentation and disclosure requirements that are designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The fair value option established by GAAP permits all entities to choose to measure eligible account balances at fair value at specified election dates. Marketable investments including the assets of the gift annuity fund and the annuity payment liability are valued at fair value; all other assets and liabilities have been valued at traditional accounting valuations.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Fair value asset valuation methodologies:

The following is a general description of the valuation methodologies used for assets measured at fair value. There has not been a change in the methodologies used at August 31, 2019 and 2018.

Money market accounts and mutual funds:

Valued at the daily closing price as reported by the fund. Money market accounts and mutual funds held by the Foundation are open-ended investment funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Corporate equity securities:

Securities that are listed on an exchange are valued at quoted market prices at their last sales prices on the primary exchange on which such securities are traded.

U.S. government and agencies securities and corporate bonds and fixed income securities (including brokered certificates of deposit and asset-backed securities):

Valued using methods based upon market transactions for comparable securities and relationships between securities which are generally recognized by institutional trades. These valuations are based on methods which include the consideration of yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. These types of investments are generally categorized within Level 2 of the fair value hierarchy.

Investments in partnerships:

The Foundation values its investments in partnerships using information as it is reported by the partnerships. When information on fair value is not provided by the partnership as of year-end, the Foundation will use the date closest to year-end, for which a value is provided, which is management's best estimate available to value the partnership interest. These types of investments are generally categorized within Level 3 of the fair value hierarchy. Because the partnership interests are not readily marketable and they are being held as long-term investments, the recorded values may differ significantly from current market valuations or the value that will ultimately be realized upon the sale or transfer of the partnership interests.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Fair value asset valuation methodologies (continued):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Endowment investment and spending policies:

The Foundation maintains various donor-restricted funds whose purpose is to provide long-term support for its charitable programs. In classifying such funds for financial statement purposes the Board of Directors looks to the explicit direction of the donor, and the provisions of the laws of the State of New York. The Board has determined that, absent donor stipulations to the contrary, the provisions of New York State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift.

The Board of Directors of the Foundation, acting through its Investment Committee, has established an endowment spending policy to support the current level of income needed from the endowment, while sustaining the long-term purchasing power of the endowment assets. For that purpose, the Board had implemented a spending rate of four and one half percent (4.5%) for 2019 and 2018 of the endowment assets applied to the average of the endowment's year-end market values over the prior three years. Spending allocations for the years ended August 31, 2019 and 2018 were \$1,370,351 and \$1,286,014, respectively.

The Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub-classes. Endowment return objectives are to provide a rate of return over the long-term consistent with prudent investment practices and at a minimum, the fund is expected to outperform the aggregate return of the consumer price index and the spending rate of the fund measured over a trailing five-year period. In order to achieve this objective, the Foundation follows the strategy of weighing 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 New York State law.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Gift annuity fund:

The Foundation operates a charitable gift annuity program whereby donors receive lifetime payments in exchange for assets conveyed under an annuity contract. The assets received are held as unrestricted but segregated assets of the Foundation, and the annuity liability is a general obligation of the Foundation. Assets received pursuant to the gift annuity are recorded at fair value when received, and an annuity liability is recorded for the present value of future cash flows to the donor or the donor's designated beneficiaries based upon their life expectancy using the New York State required calculation method. Contribution revenue is recorded for the difference between the fair value of the assets and the annuity liability upon the receipt of the gift annuity. Changes in the fair value of the assets are recorded annually. The net change in fair value of the annuity assets and liabilities is recorded in the statements of activities as change in value of gift annuity. The estimated rates of return on the annuities range from approximately 0.1% to 5.5% and the payout percentages range from 6.6% to 7.3%.

Furniture and equipment:

Acquisitions of furniture and equipment in excess of \$750 and an estimated useful life of a year or more are capitalized. Furniture and equipment consisting primarily of furniture and office equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the furniture and equipment, which is five years. Depreciation expense for the years ended August 31, 2019 and 2018 totaled \$3,458 and \$2,550, respectively.

Income taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Donations to the Foundation are deductible for income tax purposes under Internal Revenue Code section 170.

Contributed services:

Members of the Foundation's governing board donate significant time to the Foundation's activities. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The value of this time is not recorded in the accompanying financial statements because it does not meet the criteria for recognition under GAAP.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Donated materials:

Donated materials are recorded at fair value at the date of donation.

Cash equivalents:

For purposes of the statements of cash flows, cash equivalents are defined as money market funds, overnight deposits and other financial instruments with an original term of three months or less at the time the Foundation purchased the financial instrument and which are not designated as held for investment.

Concentrations of credit risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, bonds, and mutual funds held in bank accounts and brokerage accounts, which may exceed the Federal insurance coverage limits provided by the Federal Deposit Insurance Corporation (FDIC) for bank accounts and Securities Investor Protection Corporation (SIPC) for brokerage accounts. The Foundation maintains its accounts with major financial institutions to minimize its risk.

Foreign currency translation:

During the years ended August 31, 2019 and 2018, the Foundation has invested in foreign denominated financial instruments which were translated into U.S. Dollars at the exchange rate prevailing at the statements of financial position dates. Investment income relating to these securities was translated at the exchange rate as reported by a broker on the date of recognition. Gains or losses resulting from foreign currency transactions are included in the statements of activities as an element of net appreciation (depreciation) in fair value of investments.

Functional expenses:

The financial statements report certain categories of expenses that are attributable to one or more program and supporting services of the Foundation. Therefore, expenses require allocation on a reasonable and consistent basis. The more significant expense allocations include salaries and related personnel costs and occupancy. Personnel costs have been allocated based on the personnel cost allocation percentages.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

2. Summary of significant accounting policies (continued):

Reclassifications:

The Foundation has made certain reclassifications to the 2018 financial statements to conform with the 2019 presentation. Such reclassifications had no effect on net assets and changes in net assets as previously reported.

Adoption of new accounting standard:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Foundation including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Foundation's year ending August 31, 2019 and, thereafter, and was applied on a retrospective basis. The Foundation adopted the ASU effective September 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

3. Risks related to investments:

The Foundation invests in various investment securities and other types of investments. Investment securities are exposed to various risks such as interest rates, market value changes, foreign exchange rates and credit risks. Due to the level of risk associated with certain investments including those held in foreign currencies, it is at least reasonably possible that changes in the values of investment securities or the investments in the real estate, timber and investment partnerships will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

4. Marketable investments:

The Foundation maintains various security accounts with brokerage companies and these accounts contain various types of investments, which are summarized below:

	2019		2018	
	Cost	Fair value	Cost	Fair value
Money market funds				
held for investment	\$ 3,079,691	\$ 3,079,691	\$ 2,258,324	\$ 2,258,324
Certificates of deposit	1,293,950	1,293,950	1,520,476	1,520,309
Mutual funds:				
Bond funds	1,369,402	1,610,268	-	-
Equity funds	13,741,325	14,733,253	17,891,125	21,858,632
U.S. treasury notes	7,377,444	7,557,868	6,982,045	6,796,705
U.S. government and agencies securities	659,449	661,285	5,460,866	5,395,351
Corporate bonds and fixed income securities	5,558,957	5,694,726	2,219,057	2,197,513
Asset backed securities	713,448	723,421	-	-
Corporate equity securities	10,235,339	12,988,499	5,765,862	6,856,665
Total marketable investments	<u>\$ 44,029,005</u>	<u>\$ 48,342,961</u>	<u>\$ 42,097,755</u>	<u>\$ 46,883,499</u>

The following is a summary of the relationship between the cost basis and fair values of marketable investment assets:

	2019		2018	
	Cost	Fair value	Excess of fair value over cost	Excess of fair value over cost
Balance, beginning of year	<u>\$ 42,097,755</u>	<u>\$ 46,883,499</u>	\$ 4,785,744	\$ 4,322,993
Balance, end of year	<u>\$ 44,029,005</u>	<u>\$ 48,342,961</u>	4,313,956	4,785,744
Unrealized gain (loss) on valuation of investments			\$ (471,788)	\$ 462,751
Realized net gain from sales and maturities of marketable investments for the year			776,239	1,465,845
Net appreciation in fair value of marketable investments			<u>\$ 304,451</u>	<u>\$ 1,928,596</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

4. **Marketable investments (continued):**

Investment return for the years ended August 31, 2019 and 2018 is summarized as follows:

	2019	2018
Investment income	\$ 1,211,421	\$ 1,242,826
Investment management fees	(300,138)	(323,681)
Investment income, net	911,283	919,145
Unrealized gain (loss) in fair value of marketable investments	(471,788)	462,751
Realized net gain on sales/maturities of marketable investments	776,239	1,465,845
Net appreciation in fair value of marketable investments	304,451	1,928,596
Net investment return	<u>\$ 1,215,734</u>	<u>\$ 2,847,741</u>

Funds available for investment include endowments, unexpended donor restricted contributions and unexpended contributions without donor restrictions. In addition, earned investment income is generally reinvested and net appreciation (depreciation) is determined on assets held in investment accounts. All investment assets are pooled.

5. **Pledges receivable:**

Pledges receivable consist of unconditional promises to give and are summarized as follows:

	2019	2018
Pledges receivable in less than one year	\$ 200	\$ 134,500
Less allowance for uncollectible pledges	-	(1,000)
Net pledges receivable, net	<u>\$ 200</u>	<u>\$ 133,500</u>

For the years ended August 31, 2019 and 2018, the Foundation maintained allowances for doubtful accounts at \$- and \$1,000, respectively. These amounts were estimated by management to be sufficient based on the Foundation's accounting policy as set forth in Note 2. There were no actual losses sustained during the years ended August 31, 2019 and 2018.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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6. Investments in partnerships:

Real estate partnership:

During the year ended August 31, 2001, the Foundation received a non-cash contribution of a 9.25% share in a limited partnership (a privately held real estate joint venture). The investment balance at August 31, 2019 and 2018 of \$564,250 represents the estimated fair value, without formal appraisal, as determined by the donor at the date of the contribution. This partnership is controlled by the family of a board member.

The limited partnership distributions and any proceeds from the disposition of the limited partnership interest are restricted for support of the Children's Center. The contribution has been included in permanently restricted (endowment) net assets. Distributions from the partnership to the Foundation, which are included as investment income in the statements of activities for the years ended August 31, 2019 and 2018, were \$53,687 and \$51,315, respectively.

Investment in timber partnership:

The Foundation has purchased 0.29% of a partnership interest in Hancock Timberland XI, L.P. As of August 31, 2019 and 2018, the Foundation has invested \$930,876 and \$968,155 in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at \$1,231,362 and \$1,234,524, as of June 30, 2019 and 2018, respectively. No valuation was provided as of August 31, 2019 and 2018. Unrealized gains of \$34,117 and \$216,266 were recognized as of August 31, 2019 and 2018, respectively.

Investment in Linx partnership:

On August 1, 2014, the Foundation entered into a subscription agreement to purchase \$1,500,000, which has since been increased to \$2,000,000 (1.35%), of a partnership interest in Linx Partners III, L.P, a private equity fund. As of August 31, 2019 and 2018, the Foundation has invested \$1,301,340 and \$1,111,219, respectively, in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at \$1,529,682 and \$1,387,232 as of June 30, 2019 and 2018, respectively. No valuation was provided as of August 31, 2019 and 2018. Unrealized gains and losses of \$(47,671) and \$123,879 were recognized as of August 31, 2019 and 2018, respectively.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

6. Investments in partnerships (continued):

Investments in partnerships at fair value as of August 31, 2019 and 2018 are summarized below:

	2019	2018
Real estate partnership	\$ 564,250	\$ 564,250
Hancock Timberland XI, L.P.	1,231,362	1,234,524
Linx Partners III, L.P.	1,529,682	1,387,232
Investments in partnerships	<u>\$ 3,325,294</u>	<u>\$ 3,186,006</u>

Subscription funding commitment:

The Foundation's investment in the Linx Partnership is subject to a subscription agreement which was executed on July 31, 2014, a subscription increase agreement which was executed on December 5, 2014 and a partnership agreement dated August 1, 2013. Under those agreements, the Foundation is required to fund capital commitments at the discretion of the general partner on an as needed basis to fund portfolio investments, fees, costs and expenses, and other reserves and anticipated costs. The Foundation has a minimum of ten days after the drawdown date to fund such calls. The subscription commitment expires on the sixth anniversary of the end of the fiscal quarter following the latest date of the subscription commitment which is December 31, 2020 and can be canceled at an earlier date under certain terms, as disclosed in the agreements.

As of August 31, 2019 and 2018, the remaining subscription funding commitment was:

	2019	2018
Linx Partners III, L.P.	<u>\$ 417,345</u>	<u>\$ 689,103</u>

7. Payroll and facilities support - Westchester Community College:

Salaries and related payroll expenses for certain Foundation personnel of \$373,500 and \$216,262 were provided by Westchester Community College for 2019 and 2018, respectively. In addition, the College provided office facilities and other miscellaneous support to the Foundation with a value of \$37,800 and \$41,563 for 2019 and 2018, respectively. These amounts have been recorded as unrestricted payroll and facilities support revenue and program and support services expenses in the statements of activities.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

8. Scholarships awarded:

The scholarship program provides scholarships for incoming, continuing and graduating students. Scholarship awards represent the actual amount of scholarships awarded and do not include costs of administering the scholarship program. Scholarships are funded from various sources including endowment income restricted for scholarships, direct contributions for scholarships and operating funds budget appropriations for scholarships. Potential scholarship applicants complete an on-line process and applications are submitted to the WCC Foundation Scholarship committee. The committee reviews the applications and awards scholarships based on donor-directed criteria and guidelines.

9. Change in donor imposed restrictions:

Net assets redesignated by subsequent request of the donors as of August 31, 2019 are summarized as follows:

	Without donor restrictions	With donor restrictions
<u>2019:</u>		
Purpose:		
Scholarships	\$ (342,000)	\$ 342,000

10. Satisfaction of program restrictions:

Actions of the Foundation, or the passage of time which satisfied the donor-imposed restrictions on net assets, resulted in the release of restricted net assets from restrictions for the years ended August 31, 2019 and 2018 as follows:

	2019	2018
Scholarships	\$ 2,156,918	\$ 1,956,198
College development and enhancement	1,936,669	2,068,244
Dr. Hankin Gateway to the Future Fund	334,494	377,262
	<u>\$ 4,428,081</u>	<u>\$ 4,401,704</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

11. Net assets with donor restrictions:

Net assets with donor restrictions at August 31, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Scholarships to be awarded in future years	\$ 8,914,207	\$ 6,696,213
College development and enhancement	5,397,265	6,995,103
Virginia Marx Children's Center programs and scholarships	1,422,296	1,086,356
Dr. Hankin Gateway to the Future Fund	1,391,234	1,358,124
Time restrictions:		
Pledges receivable and unallocated funds	1,488,935	952,538
Endowment funds	<u>31,008,515</u>	<u>31,134,430</u>
	<u>\$ 49,622,452</u>	<u>\$ 48,222,764</u>

12. Endowment funds purpose restrictions:

Endowment funds consist of donor restricted net assets which are restricted for the following purposes as of August 31, 2019 and 2018:

<u>2019</u>	<u>Original gift</u>	<u>Unappropriated earnings</u>	<u>Total endowment funds</u>
Scholarships	\$ 14,196,719	\$ 499,783	\$ 14,696,502
Virginia Marx Children's Center programs and scholarships	3,157,238	41,178	3,198,416
College development and enhancement	4,562,089	295,120	4,857,209
Dr. Hankin Gateway to the Future Fund	6,600,000	660,915	7,260,915
General purposes of the Foundation	935,051	60,222	995,273
Time restrictions:			
Pledges receivable	200	-	200
	<u>\$ 29,451,297</u>	<u>\$ 1,557,218</u>	<u>\$ 31,008,515</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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12. Endowment funds purpose restrictions (continued):

<u>2018</u>	<u>Original gift</u>	<u>Unappropriated earnings</u>	<u>Total endowment funds</u>
Scholarships	\$ 13,296,337	\$ 1,036,313	\$ 14,332,650
Virginia Marx Children's Center programs and scholarships	3,157,238	145,562	3,302,800
College development and enhancement	4,347,089	524,310	4,871,399
Dr. Hankin Gateway to the Future Fund	6,600,000	948,640	7,548,640
General purposes of the Foundation	872,910	98,031	970,941
Time restrictions:			
Pledges receivable	108,000	-	108,000
	<u>\$ 28,381,574</u>	<u>\$ 2,752,856</u>	<u>\$ 31,134,430</u>

13. Special events:

Special events are presented net of directly related expenses in the statements of activities for the years ended August 31, 2019 and 2018. The activities are summarized as follows:

	<u>2019</u>		
	<u>Proceeds</u>	<u>Expenses</u>	<u>Net proceeds</u>
President's forum	\$ 61,380	\$ 23,313	\$ 38,067
Celebrity salons	111,944	18,113	93,831
Great chefs	65,394	12,264	53,130
	<u>\$ 238,718</u>	<u>\$ 53,690</u>	<u>\$ 185,028</u>

	<u>2018</u>		
	<u>Proceeds</u>	<u>Expenses</u>	<u>Net proceeds</u>
President's forum	\$ 69,084	\$ 23,383	\$ 45,701
Celebrity salons	82,070	16,792	65,278
Great chefs	31,885	8,148	23,737
	<u>\$ 183,039</u>	<u>\$ 48,323</u>	<u>\$ 134,716</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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14. Related party transactions:

Relationship with the Westchester Community College:

The Foundation receives significant support from Westchester Community College. For the years ended August 31, 2019 and 2018, respectively, the Foundation received payroll and facilities support totaling \$411,300 and \$257,825. The Foundation provided scholarships to approximately 1,400 Westchester Community College students and development and enhancement funding to Westchester Community College programs totaling \$2,317,346 and \$2,482,254 for the years ended August 31, 2019 and 2018, respectively.

Support from Board of Directors:

Contributions received, including pledges, from members of the Board of Directors totaled \$1,517,234 and \$1,497,877 for the years ended August 31, 2019 and 2018, respectively.

Veteran's Resource Center:

The Foundation received a \$217,000 contribution in 2013 from an anonymous private donor to establish a Veteran's Resource Center at Westchester Community College's Valhalla campus. Additional contributions of \$200,000 were received annually since 2014 from the original anonymous donor. A Veteran's Center Director has been employed to coordinate this effort to offer a wide range of services, activities and resources to welcome veterans to Westchester Community College, help support their adjustment to higher education and readjustment to civilian life, and empower them to achieve their goals.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

14. Related party transactions (continued):

Pathways - the Campaign for Student Success:

Beginning in the fall of 2013, the Foundation entered a comprehensive campaign to significantly improve student outcomes through programs and services designed to increase student readiness, success and overall support. The campaign has been very successful focusing on major gifts and other fundraising methods. This approach has allowed the campaign to surpass the original \$30 million goal to reach \$43 million as of August 31, 2019. As the Foundation celebrates its 50th anniversary in 2020, a new campaign goal of \$50 million has been set with a target of reaching this mark by the College's 75th anniversary in 2021.

To date, the campaign has provided funding to launch several innovative initiatives in three major categories. Examples of funded initiatives are listed below, with new initiatives continuously in development.

Student Success:

- Viking ROADS - academic, financial and other supports at every step on the student pathway;
- Coaching Connection - supports students nearing graduation to guarantee degree attainment;
- Health and Wellness Suite - will synchronize health services and personal counseling;

Academic Excellence:

- Step Up High School Transitions - aligns curriculum in public high schools to assure academic readiness;
- Honors College - provides a rigorous academic program for high achieving students.

Scholarship Opportunities:

- From the beginning, a goal of the campaign was to bring its annual scholarship distributions to \$2 million within a five-year period. In 2017-2018, the campaign reached this goal with due pride and acknowledgement.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

14. Related party transactions (continued):

Pathways - the Campaign for Student Success (continued):

In 2018-2019, Westchester Community College embarked on a new strategic planning process, and revised its facilities master development plan. The Westchester Community College Foundation will continue to ensure that its campaign fundraising goals are closely aligned with the needs of the College and its students through ongoing dialogue and discussion.

Dr. Hankin Gateway to the Future Fund:

The Gateway Center continues to serve as a symbol of the College's commitment to serve as an educational resource to our increasingly diverse community. The Dr. Hankin Gateway to the Future Endowment Fund and Gateway grants provide support to Gateway Center programs including the Community College Consortium for Immigrant Education (CCCIE), the Center for Financial and Economic Education and Gateway to Entrepreneurship and Volunteer/Mentoring program.

15. Retirement plan:

Tax-deferred annuity plan:

The Foundation maintains two tax-deferred annuity plans under Section 403(b) of the Internal Revenue Code. Foundation employees may make voluntary salary reduction contributions to the first plan up to the limitations provided in the Internal Revenue Code.

The Foundation contributes between 5% and 13% of an employee's annual salary to the second plan based on years of service after one year of employment. The Foundation's contribution for eligible employees for the years ended August 31, 2019 and 2018 were \$40,903 and \$67,610, respectively.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

16. Fair value measurements:

Fair values of assets measured on a recurring basis, using valuation techniques as described in note 2, as of August 31, 2019 and 2018 are as follows:

	Assets valued at fair value as of August 31, 2019			
	Total	Level 1	Level 2	Level 3
Money market funds held for investment	\$ 3,079,691	\$ 3,079,691	\$ -	\$ -
Certificates of deposit	1,293,950	-	1,293,950	-
Mutual funds:				
Bond funds	1,610,268	1,610,268	-	-
Equity funds	14,733,253	14,733,253	-	-
U.S. treasury notes	7,557,868	-	7,557,868	-
U.S. government and agencies securities	661,285	-	661,285	-
Corporate bonds and fixed income securities	5,694,726	-	5,694,726	-
Asset backed securities	723,421	-	723,421	-
Corporate equity securities	12,988,499	12,988,499	-	-
Assets of gift annuity	83,978	83,978	-	-
Investment in partnerships	3,325,294	-	-	3,325,294
	<u>\$ 51,752,233</u>	<u>\$ 32,495,689</u>	<u>\$ 15,931,250</u>	<u>\$ 3,325,294</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

16. Fair value measurements (continued):

	Assets valued at fair value as of August 31, 2018			
	Total	Level 1	Level 2	Level 3
Money market funds held for investment	\$ 2,258,324	\$ 2,258,324	\$ -	\$ -
Certificates of deposit	1,520,309	-	1,520,309	-
Mutual funds:				
Equity funds	21,858,632	21,858,632	-	-
U.S. treasury notes	6,796,705	-	6,796,705	-
U.S. government and agencies securities	5,395,351	-	5,395,351	-
Corporate bonds and fixed income securities	2,197,513	-	2,197,513	-
Corporate equity securities	6,856,665	6,856,665	-	-
Assets of gift annuity	92,046	92,046	-	-
Investment in partnerships	3,186,006	-	-	3,186,006
	<u>\$ 50,161,551</u>	<u>\$ 31,065,667</u>	<u>\$ 15,909,878</u>	<u>\$ 3,186,006</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs:

	2019	2018
Investment in partnerships:		
Balance, beginning of year	\$ 3,186,006	\$ 2,731,176
Purchases of Level 3 investments	400,605	344,179
Proceeds from distributions from partnerships	(265,430)	(139,275)
Net appreciation in fair value of partnerships	(13,554)	350,537
Investment income (loss), net	17,667	(100,611)
Balance, end of year	<u>\$ 3,325,294</u>	<u>\$ 3,186,006</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

16. Fair value measurements (continued):

The Foundation's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstance that caused the transfer.

Liabilities measured at fair value as of August 31, 2019 and 2018 are as follows:

	Fair value	Level 1	Level 2	Level 3
Annuity payment liability:				
2019	\$ 68,748	\$ -	\$ -	\$ 68,748
2018	72,135	-	-	72,135

Liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	2019	2018
Annuity payment liability:		
Balance, beginning of year	\$ 72,135	\$ 75,604
Change in present value of liability	8,376	8,294
Payments to annuitants	(11,763)	(11,763)
Balance, end of year	<u>\$ 68,748</u>	<u>\$ 72,135</u>

17. Endowment funds:

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

New York State enacted UPMIFA on September 17, 2010; the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the Foundation's donor restricted endowment funds meet the definition of endowment funds under the New York State enacted version of UPMIFA. The implementation of UPMIFA had no effect on the financial statements.

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019 AND 2018

17. Endowment funds (continued):

Certain of the Foundation's donor restricted endowments had experienced losses due to market fluctuations and the continuing requirements of funded programs. GAAP requires that such excess losses be absorbed by the net assets without donor restrictions and that future gains be allocated to net assets without donor restrictions until such losses have been restored. There were no cumulative losses as of August 31, 2019 and 2018.

The following is a reconciliation of the activity in the Foundation's endowment funds for the year ended August 31, 2019:

	Net assets with donor restrictions - endowment funds
Balance, September 1, 2018	\$ 31,134,430
Contributions	909,503
Investment income, net	348,605
Capital appreciation	(180,812)
Appropriation for expenditure	(1,370,351)
Reclassifications	167,140
Balance, August 31, 2019	<u>\$ 31,008,515</u>

The following is a reconciliation of the activity in the Foundation's Endowment funds for the year ended August 31, 2018:

	Net assets with donor restrictions - endowment funds
Balance, September 1, 2017	\$ 29,941,475
Contributions	274,446
Investment income, net	461,844
Capital appreciation	1,612,751
Appropriation for expenditure	(1,286,014)
Reclassifications	129,928
Balance, August 31, 2018	<u>\$ 31,134,430</u>

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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18. Liquidity and availability of financial assets:

The following represents the financial assets available to meet cash needs for general expenditures within one year as of August 31, 2019:

Cash and cash equivalents	\$ 1,559,594
Pledges receivable, net	200
Marketable investments	48,342,961
Investments in partnerships	<u>3,325,294</u>
Financial assets	53,228,049
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	<u>(49,622,522)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,605,597</u>

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from its revenues, gains and reclassifications. In general, the Foundation maintains sufficient financial assets on hand to meet at least 90 days' worth of normal operating expenses.

19. Subsequent events:

Management evaluated the activity of the Foundation through November 21, 2019 (the date the financial statements were available to be issued) and concluded that, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as disclosed in Note 14 and below.

During 2018, the Foundation received notice that it was the sole beneficiary of a charitable remainder trust. The assets of the trust will be distributed to the Foundation upon settlement of the donor's estate and will be recognized as a donation at the time that the assets are valued and received by the Foundation. The settlement is projected to be sometime in the 2020 fiscal year.