

**WESTCHESTER COMMUNITY COLLEGE  
FOUNDATION**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2018 AND 2017**

**WESTCHESTER  
COMMUNITY COLLEGE  
FOUNDATION**

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**November 29, 2018**

**Executive Director Summary FY 2017 - 2018**

Since its founding in 1969, the Westchester Community College Foundation has raised funds to meet College and student needs not covered by public support. Originally created to provide scholarship support for its incoming, continuing and graduating students, the Foundation, now in its 49th year, has expanded to provide funding for capital projects, faculty development, emergency student aid and new and innovative program initiatives to promote student success and help the College provide attainable, affordable and quality education.

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 increased by over \$1 million from last year's totals. New endowed scholarship funds of \$80,000 - \$100,000 were established to honor alumnus Lawrence Nugent and volunteers Benjamin and Clinton Hertzberg. An anonymous donor contributed \$985,562 towards Honors College scholarships and contributions to an endowed scholarship in honor of the late David Swope totaled \$65,000. New major scholarship gifts included the Jandon Promise Scholarship (\$50,000), and those established by Barnes & Noble, and the Caruso Family (each \$10,000). The Westchester Community College Foundation wishes to thank longtime scholarship donor Bob Weiner, who again this year significantly increased his annual scholarship giving.
- The Fund for WCC, the Foundation's largest source of unrestricted funding, had another successful year, raising over \$533,000, exceeding its goal by 15%. This is directly attributable to continued emphasis on building the President's Council, which experienced a 50% increase in membership, including two alumni members.

The Foundation's special events raised over \$170,000 in support of the Scholarship and Program Fund during the 2017-18 fiscal year. Events included the annual President's Forum with noted panelists Ari Fleischer, Ruth Marcus, David Sanger and Max Boot in November. This event also marked the farewell "performance" of our longtime event moderator and Board member Lester Crystal. The 24th season of Celebrity Salons hosted over 450 guests with almost ten percent of them being new audience members. The Foundation's fall Great Chefs series of cooking events continued to build a following with the help of WCC's culinary program, this year also raising enough funds to distribute 120 Thanksgiving dinners to

needy students and creating a new culinary scholarship. With the dedicated team behind these events, it is sure to create a following similar to that of the salon series in the coming year.

The Foundation also provided support of \$2,690,563 for various College programs, including Gateway Center initiatives, the Benefits Access Center, Veteran's Center, the Virginia Marx Children's Center, the Native Plant Center, the Alumni Association and volunteer programs.

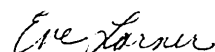
Beginning in the Fall of 2013, the Foundation embarked upon a comprehensive campaign to significantly improve student outcomes through programs and services designed to increase student readiness, success and overall support. The campaign has been very successful, focusing on major gifts and other fundraising methods. This approach has allowed the campaign to surpass the original \$30 million goal to reach \$36 million as of August 31, 2018. As the Foundation celebrates its 50th anniversary in 2019, 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.

Highlights of the Pathways campaign 2017-2018 achievements include:

- A major goal of the campaign was to raise enough funds in order to bring its annual scholarship distributions to \$2 million within a five-year period. In 2017-2018, the campaign reached this goal, on time and on target, with due pride and acknowledgement.
- Working closely with Yonkers city government, Board of Education, businesses and community-based neighborhood organizations, the College is piloting a program that will remove major impediments to college success for 20 African American male Yonkers students beginning in Fall 2018. A grant of \$60,000 from the Yonkers IDA over three years will provide support for books and transportation, as well as a full program of academic, social and other interventions.
- A significant gift from another anonymous donor is enabling WCC to pilot a new initiative that will reduce recidivism through degree attainment. Working in partnership with the Town of Greenburgh Justice Court, the program will offer higher education as an option to individuals convicted of misdemeanors instead of incarceration. The three-year gift of \$353,000 supports the pilot phase of the initiative.

As always, we are grateful to our many supporters and especially to all of our Board members for their continued participation and dedication to the Foundation. We look forward to a successful year ahead.

Sincerely,



Eve Larner

Vice President, External Affairs

Executive Director, WCC Foundation

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

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# **D'Arcangelo & Co., LLP**

**Certified Public Accountants & Consultants**

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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, 2018 and 2017, the related statements of activities and cash flows 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, 2018 and 2017, 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.

*D'Arcangelo & Co., LLP*

Rye Brook, New York  
November 21, 2018

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**AUGUST 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,726,358	\$ 2,276,977
Accrued interest receivable	67,635	68,096
Prepaid expenses and other assets	5,695	16,566
Marketable investments	46,883,499	42,859,562
Pledges receivable, net	133,500	1,301,034
Assets of gift annuity fund	92,046	100,816
Investments in partnerships	3,186,006	2,731,176
Furniture and equipment, net of accumulated depreciation of \$14,934 and \$16,764	<u>8,644</u>	<u>6,472</u>
Total assets	<u><u>\$52,103,383</u></u>	<u><u>\$49,360,699</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 427,869	\$ 271,285
Deferred revenue	135,700	500
Annuity payment liability	<u>72,135</u>	<u>75,604</u>
Total liabilities	<u>635,704</u>	<u>347,389</u>
Net assets:		
Unrestricted	3,244,915	2,856,984
Temporarily restricted	17,088,334	16,214,851
Permanently restricted (endowment)	<u>31,134,430</u>	<u>29,941,475</u>
Total net assets	<u>51,467,679</u>	<u>49,013,310</u>
Total liabilities and net assets	<u><u>\$52,103,383</u></u>	<u><u>\$49,360,699</u></u>

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2018**

	Unrestricted	Temporarily restricted	Permanently restricted (endowment)	Total
<b>Revenues and gains:</b>				
Contributions, annual fundraising activities	\$ 627,277	\$ 3,310,195	\$ 274,446	\$ 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	137,692	461,844	919,145
Net appreciation (depreciation) in fair value of investments	(4,832)	671,214	1,262,214	1,928,596
Net appreciation in fair value of partnerships	-	-	350,537	350,537
Change in value of gift annuity	(5,301)	-	-	(5,301)
<b>Total revenues and gains</b>	<b>1,329,294</b>	<b>4,119,101</b>	<b>2,349,041</b>	<b>7,797,436</b>
<b>Reclassifications:</b>				
Change in donor-imposed restrictions	-	(129,928)	129,928	-
Net assets released from restrictions:				
Satisfaction of program restrictions	4,401,704	(4,401,704)	-	-
Investment spending allocation	-	1,286,014	(1,286,014)	-
<b>Total reclassifications</b>	<b>4,401,704</b>	<b>(3,245,618)</b>	<b>(1,156,086)</b>	<b>-</b>
<b>Total revenues, gains and reclassifications</b>	<b>5,730,998</b>	<b>873,483</b>	<b>1,192,955</b>	<b>7,797,436</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Scholarships awarded	2,001,625	-	-	2,001,625
College development and enhancement	2,690,563	-	-	2,690,563
<b>Total program services</b>	<b>4,692,188</b>	<b>-</b>	<b>-</b>	<b>4,692,188</b>
<b>Support services:</b>				
Management and general	257,337	-	-	257,337
Fundraising	393,542	-	-	393,542
<b>Total support services</b>	<b>650,879</b>	<b>-</b>	<b>-</b>	<b>650,879</b>
<b>Total expenses</b>	<b>5,343,067</b>	<b>-</b>	<b>-</b>	<b>5,343,067</b>
<b>Change in net assets</b>	<b>387,931</b>	<b>873,483</b>	<b>1,192,955</b>	<b>2,454,369</b>
<b>Net assets, beginning of year</b>	<b>2,856,984</b>	<b>16,214,851</b>	<b>29,941,475</b>	<b>49,013,310</b>
<b>Net assets, end of year</b>	<b>\$ 3,244,915</b>	<b>\$ 17,088,334</b>	<b>\$ 31,134,430</b>	<b>\$ 51,467,679</b>

See notes to financial statements.



**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily restricted	Permanently restricted (endowment)	Total
<b>Revenues and gains:</b>				
Contributions, annual fundraising activities	\$ 614,144	\$ 2,865,794	\$ 272,333	\$ 3,752,271
Payroll and facilities support, Westchester Community College	290,065	-	-	290,065
Special events, net	158,446	-	-	158,446
Investment income, net	267,385	118,151	372,628	758,164
Net appreciation in fair value of investments	1,896	258,895	2,631,481	2,892,272
Net appreciation in fair value of partnership	-	-	202,237	202,237
Change in value of gift annuity	(1,756)	-	-	(1,756)
<b>Total revenues and gains</b>	<b>1,330,180</b>	<b>3,242,840</b>	<b>3,478,679</b>	<b>8,051,699</b>
<b>Reclassifications:</b>				
Change in donor-imposed restrictions	(151,200)	43,900	107,300	-
Net assets released from restrictions:				
Satisfaction of program restrictions	3,999,541	(3,999,541)	-	-
Investment spending allocation	-	1,226,741	(1,226,741)	-
<b>Total reclassifications</b>	<b>3,848,341</b>	<b>(2,728,900)</b>	<b>(1,119,441)</b>	<b>-</b>
<b>Total revenues, gains and reclassifications</b>	<b>5,178,521</b>	<b>513,940</b>	<b>2,359,238</b>	<b>8,051,699</b>
<b>Expenses:</b>				
Program services:				
Scholarships awarded	1,674,838	-	-	1,674,838
College development and enhancement	2,624,641	-	-	2,624,641
<b>Total program services</b>	<b>4,299,479</b>	<b>-</b>	<b>-</b>	<b>4,299,479</b>
Support services:				
Management and general	239,610	-	-	239,610
Fundraising	389,651	-	-	389,651
<b>Total support services</b>	<b>629,261</b>	<b>-</b>	<b>-</b>	<b>629,261</b>
<b>Total expenses</b>	<b>4,928,740</b>	<b>-</b>	<b>-</b>	<b>4,928,740</b>
<b>Change in net assets</b>	<b>249,781</b>	<b>513,940</b>	<b>2,359,238</b>	<b>3,122,959</b>
<b>Net assets, beginning of year</b>	<b>2,607,203</b>	<b>15,700,911</b>	<b>27,582,237</b>	<b>45,890,351</b>
<b>Net assets, end of year</b>	<b>\$ 2,856,984</b>	<b>\$ 16,214,851</b>	<b>\$ 29,941,475</b>	<b>\$ 49,013,310</b>

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,454,369	\$ 3,122,959
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,550	3,589
Net appreciation in fair value of investments	(1,928,596)	(2,892,272)
Net appreciation in fair value of partnerships	(350,537)	(202,237)
Contributions permanently restricted for endowments	(274,446)	(272,333)
Net decrease in assets of gift annuity fund	8,770	5,291
Decrease in operating assets:		
Pledges receivable	1,167,534	1,715,456
Accrued interest receivable	461	37,748
Prepaid expenses and other assets	10,871	6,546
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	156,584	23,647
Deferred income	135,200	(249,500)
Annuity payment liability	(3,469)	(3,535)
Net cash provided by operating activities	<u>1,379,291</u>	<u>1,295,359</u>
Cash flows from investing activities:		
Purchase of equipment	(4,721)	-
Purchase of investments in partnerships (ownership interest)	(344,179)	(565,648)
Proceeds from distributions from partnerships	139,275	91,750
Purchase of marketable investments	(35,504,724)	(33,589,760)
Proceeds from sales/maturities of marketable investments	<u>33,509,993</u>	<u>31,195,427</u>
Net cash (used in) investing activities	<u>(2,204,356)</u>	<u>(2,868,231)</u>
Cash flows from financing activities:		
Contributions permanently restricted for endowments	<u>274,446</u>	<u>272,333</u>
Net decrease in cash and cash equivalents	(550,619)	(1,300,539)
Cash and cash equivalents, beginning of year	<u>2,276,977</u>	<u>3,577,516</u>
Cash and cash equivalents, end of year	<u>\$ 1,726,358</u>	<u>\$ 2,276,977</u>

# **WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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:**

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America (GAAP) including recognition of revenues and expenses on the accrual basis of accounting.

Significant accounting policies are described below:

#### **Basis of presentation:**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

#### **Unrestricted net assets:**

Net assets that are not subject to donor-imposed stipulations.

#### **Temporarily restricted net assets:**

Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

#### **Permanently restricted net assets:**

When donors have requested that the funds donated be invested and only the income expended for designated purposes, the original contributions are classified as permanently restricted. Generally, the donors of these assets permit the Foundation to use all or part of the income earned from the investment of these permanently restricted funds for restricted or unrestricted operating purposes of the Foundation.

# **WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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, temporarily restricted net assets are reclassified to unrestricted net assets 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 STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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 STATEMENT

AUGUST 31, 2018 AND 2017

### 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, 2018 and 2017.

#### ***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 STATEMENT

AUGUST 31, 2018 AND 2017

### 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 as either permanently restricted, temporarily restricted or unrestricted net assets, 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 2018 and 2017 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, 2018 and 2017 were \$1,286,014 and \$1,226,741, 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 STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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. Unrestricted 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 6.9% 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, 2018 and 2017 totaled \$2,550 and \$3,589, 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 STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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, 2018 and 2017, 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.

#### **Reclassifications:**

The Foundation has made certain reclassifications to the 2018 financial statements to conform with the 2017 presentation. Such reclassifications had no effect on net assets and changes in net assets as previously reported.

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

**2. Summary of significant accounting policies (continued):**

**Recently issued accounting standards not yet adopted:**

The Financial Accounting Standards Board, issued Accounting Standards Update 2016-14, Not-for-Profits (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. These amendments change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These changes include qualitative and quantitative requirements in presentation of net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The standard is effective for Not-for-profit organizations for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

**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 STATEMENT

AUGUST 31, 2018 AND 2017

### 4. Marketable investments:

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

	2018		2017	
	Cost	Fair value	Cost	Fair value
Money market funds				
held for investment	\$ 2,258,324	\$ 2,258,324	\$ 1,674,842	\$ 1,674,842
Certificates of deposit	1,520,476	1,520,309	267,138	267,138
Mutual funds:				
Bond funds	-	-	1,000,000	912,016
Equity funds	17,891,125	21,858,632	12,012,509	13,572,649
U.S. treasury notes	6,982,045	6,796,705	6,104,805	6,080,696
U.S. government and agencies securities	5,460,866	5,395,351	1,085,259	1,080,864
Corporate bonds and fixed income securities	2,219,057	2,197,513	5,862,117	5,884,237
Corporate equity securities	5,765,862	6,856,665	10,529,899	13,387,120
Total marketable investments	<u>\$ 42,097,755</u>	<u>\$ 46,883,499</u>	<u>\$ 38,536,569</u>	<u>\$ 42,859,562</u>

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

	2018		2017	
	Cost	Fair value	Excess of fair value over cost	Excess of fair value over cost
Balance, beginning of year	<u>\$ 38,536,569</u>	<u>\$ 42,859,562</u>	\$ 4,322,993	\$ 1,861,080
Balance, end of year	<u>\$ 42,097,755</u>	<u>\$ 46,883,499</u>	4,785,744	4,322,993
Unrealized gain on valuation of investments, including \$(135,627) and \$(6,953) losses on foreign currency translation in 2018 and 2017, respectively			\$ 462,751	\$ 2,461,913
Realized net gain from sales and maturities of marketable investments for the year			1,465,845	430,359
Net appreciation in fair value of marketable investments			<u>\$ 1,928,596</u>	<u>\$ 2,892,272</u>

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 4. Marketable investments (continued):

Investment return for the years ended August 31, 2018 and 2017 is summarized as follows:

	2018	2017
Investment income	\$ 1,242,826	\$ 1,006,159
Investment management fees	(323,681)	(247,995)
Investment income, net	919,145	758,164
Unrealized gain in fair value of marketable investments	598,378	2,468,866
Foreign currency translation adjustment	(135,627)	(6,953)
Realized net gain on sales/maturities of marketable investments	1,465,845	430,359
Net appreciation in fair value of marketable investments	1,928,596	2,892,272
Net investment return	<u>\$ 2,847,741</u>	<u>\$ 3,650,436</u>

Funds available for investment include endowments, unexpended restricted contributions and unexpended unrestricted funds. 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:

	2018	2017
Pledges receivable in less than one year	\$ 134,500	\$ 1,177,383
Pledges receivable in one to five years	-	142,800
Total pledges receivable	134,500	1,320,183
Less discounts to present value	-	(6,149)
Less allowance for uncollectible pledges	(1,000)	(13,000)
Net pledges receivable, net	<u>\$ 133,500</u>	<u>\$ 1,301,034</u>

For the years ended August 31, 2018 and 2017, the Foundation maintained allowances for doubtful accounts at \$1,000 and \$13,000, 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, 2018 and 2017.

# **WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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, 2018 and 2017 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, 2018 and 2017, were \$51,315 and \$52,725, 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, 2018 and 2017, the Foundation has invested \$968,155 and \$1,004,283 in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at \$1,234,524 and \$1,245,909, as of June 30, 2018 and 2017, respectively. No valuation was provided as of August 31, 2018 and 2017. Unrealized gains of \$216,266 and \$50,103 were recognized as of August 31, 2018 and 2017, 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, 2018 and 2017, the Foundation has invested \$1,111,219 and \$970,801, respectively, in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at \$1,387,232 and \$921,017 as of June 30, 2018 and 2017, respectively. No valuation was provided as of August 31, 2018 and 2017. Unrealized gains of \$123,879 and \$152,134 were recognized as of August 31, 2018 and 2017, respectively.

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 6. Investments in partnerships (continued):

Investments in partnerships at fair value as of August 31, 2018 and 2017 are summarized below:

	2018	2017
Real estate partnership	\$ 564,250	\$ 564,250
Hancock Timberland XI, L.P.	1,234,524	1,245,909
Linx Partners III, L.P.	1,387,232	921,017
Investments in partnerships	<u>\$ 3,186,006</u>	<u>\$ 2,731,176</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, 2018 and 2017 remaining subscription funding commitment was:

	2018	2017
Linx Partners III, L.P.	<u>\$ 689,103</u>	<u>\$ 1,028,504</u>

### 7. Payroll and facilities support - Westchester Community College:

Salaries and related payroll expenses for certain Foundation personnel of \$216,262 and \$247,314 were provided by Westchester Community College for 2018 and 2017, respectively. In addition, the College provided office facilities and other miscellaneous support to the Foundation with a value of \$41,563 and \$42,751 for 2018 and 2017, 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 STATEMENT

AUGUST 31, 2018 AND 2017

### 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, 2018 and 2017 are summarized as follows:

<u>2018:</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
Purpose:			
Native plant center	\$ -	\$ (30,000)	\$ 30,000
Pathway gift fees	-	(99,928)	99,928
	<u>\$ -</u>	<u>\$ (129,928)</u>	<u>\$ 129,928</u>
 <u>2017:</u>	 <u>Unrestricted</u>	 <u>Temporarily restricted</u>	 <u>Permanently restricted</u>
Purpose:			
Scholarships	\$ (151,200)	\$ 132,325	\$ 18,875
Pathways gift fees	-	(88,425)	88,425
	<u>\$ (151,200)</u>	<u>\$ 43,900</u>	<u>\$ 107,300</u>

### 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 temporarily restricted net assets from restrictions for the years ended August 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 1,956,198	\$ 1,682,000
College development and enhancement	2,068,244	1,695,975
Dr. Hankin Gateway to the Future Fund	377,262	621,566
	<u>\$ 4,401,704</u>	<u>\$ 3,999,541</u>

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 11. Temporarily restricted net assets:

Temporarily restricted net assets at August 31, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Purpose restrictions:		
Scholarships to be awarded in future years	\$ 6,696,213	\$ 5,460,766
College development and enhancement	6,995,103	6,324,608
Virginia Marx Children's Center programs and scholarships	1,086,356	1,774,696
Dr. Hankin Gateway to the Future Fund	1,358,124	1,341,423
Time restrictions:		
Pledges receivable and unallocated funds	952,538	1,313,358
	<u>\$ 17,088,334</u>	<u>\$ 16,214,851</u>

### 12. Permanently restricted (endowment) net assets:

Permanently restricted (endowment) net assets consist of donor established endowment funds which are restricted for the following purposes as of August 31, 2018 and 2017:

<u>2018</u>	<u>Original gift</u>	<u>Unappropriated earnings</u>	<u>Total endowment funds</u>
Scholarships	\$ 11,911,448	\$ 984,052	\$ 12,895,500
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
Gateway scholarships	1,384,889	52,261	1,437,150
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>



# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

**AUGUST 31, 2018 AND 2017**

**12. Permanently restricted (endowment) net assets (continued):**

<u>2017</u>	<u>Original gift</u>	<u>Unappropriated earnings</u>	<u>Total endowment funds</u>
Scholarships	\$ 11,300,616	\$ 1,049,997	\$ 12,350,613
Virginia Marx Children's Center programs and scholarships	3,157,238	18,270	3,175,508
College development and enhancement	4,347,089	258,073	4,605,162
Gateway scholarships	1,384,889	(14,540)	1,370,349
Dr. Hankin Gateway to the Future Fund	6,600,000	597,767	7,197,767
General purposes of the Foundation	772,683	54,708	827,391
Time restrictions:			
Pledges receivable	414,685	-	414,685
	<u>\$ 27,977,200</u>	<u>\$ 1,964,275</u>	<u>\$ 29,941,475</u>

**13. Special events:**

Special events are presented net of directly related expenses in the statements of activities for the years ended August 31, 2018 and 2017. The activities are summarized as follows:

	<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>

	<u>2017</u>		
	<u>Proceeds</u>	<u>Expenses</u>	<u>Net proceeds</u>
President's forum	\$ 74,650	\$ 20,915	\$ 53,735
Celebrity salons	118,718	24,465	94,253
Great chefs	15,125	4,667	10,458
	<u>\$ 208,493</u>	<u>\$ 50,047</u>	<u>\$ 158,446</u>

# **WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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, 2018 and 2017, respectively, the Foundation received payroll and facilities support totaling \$257,825 and \$290,065. The Foundation provided scholarships to approximately 1,360 Westchester Community College students and development and enhancement funding to Westchester Community College programs totaling \$2,690,563 and \$2,624,641 for the years ended August 31, 2018 and 2017, respectively.

#### **Support from Board of Directors:**

Contributions received, including pledges, from members of the Board of Directors totaled \$1,497,877 and \$922,499 for the years ended August 31, 2018 and 2017, respectively.

#### **Single Stop USA / WCC Benefit Access Program:**

The Foundation and Westchester Community College completed a four-year partnership with Single Stop USA on December 31, 2015. This partnership was funded with a \$2 million gift from a private donor. The Single Stop USA - Westchester Community College site provided students and their families increased access to public benefits, tax credits, financial counseling, emergency financial aid and legal services. Beginning in 2016, this program successfully transitioned, in a restructured format, to the WCC Benefit Access Program, offering services that assist students in overcoming financial obstacles that prevent them from graduating. Funding continued through the original private donor contribution during 2017-2018.

#### **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 STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **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 \$36 million as of August 31, 2018. As the Foundation celebrates its 50<sup>th</sup> anniversary in 2019, a new campaign goal of \$50 million has been set with a target of reaching this mark by the College's 75<sup>th</sup> 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;
- Education Instead of Incarceration - will provide specialized counseling and academic guidance to those offered the opportunity to attend school as an alternative sentence through the criminal justice system.

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 STATEMENT**

**AUGUST 31, 2018 AND 2017**

### **14. Related party transactions (continued):**

Pathways - the Campaign for Student Success (continued):

In 2018-2019, Westchester Community College will embark on a new strategic planning process, and will revise 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 contributions for eligible employees for the years ended August 31, 2018 and 2017 were \$67,610 and \$40,423, respectively.

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 16. Fair value measurement:

Fair values of assets measured on a recurring basis, using valuation techniques as described in note 2, as of August 31, 2018 and 2017 are as follows:

	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>

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 16. Fair value measurements (continued):

	Assets valued at fair value as of August 31, 2017			
	Total	Level 1	Level 2	Level 3
Money market funds held for investment	\$ 1,674,842	\$ 1,674,842	\$ -	\$ -
Certificates of deposit	267,138	-	267,138	-
Mutual funds:				
Bond funds	912,016	912,016	-	-
Equity funds	13,572,649	13,572,649	-	-
U.S. Treasury notes	6,080,696	-	6,080,696	-
U.S. government and agencies securities	1,080,864	-	1,080,864	-
Corporate bonds and fixed income securities	5,884,237	-	5,884,237	-
Corporate equity securities	13,387,120	13,387,120	-	-
Assets of gift annuity	100,816	100,816	-	-
Investment in partnerships	2,731,176	-	-	2,731,176
	<u>\$ 45,691,554</u>	<u>\$ 29,647,443</u>	<u>\$ 13,312,935</u>	<u>\$ 2,731,176</u>

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

	2018	2017
Investment in partnerships:		
Balance, beginning of year	\$ 2,731,176	\$ 2,019,491
Purchases of Level 3 investments	344,179	565,648
Proceeds from distributions from partnerships	(139,275)	(91,750)
Net appreciation in fair value of partnerships	350,537	202,237
Investment income (loss), net	(100,611)	35,550
Balance, end of year	<u>\$ 3,186,006</u>	<u>\$ 2,731,176</u>

# WESTCHESTER COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENT

AUGUST 31, 2018 AND 2017

### 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, 2018 and 2017 are as follows:

	Fair value	Level 1	Level 2	Level 3
Annuity payment liability:				
2018	\$ 72,135	\$ -	\$ -	\$ 72,135
2017	75,604	-	-	75,604

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

	2018	2017
Annuity payment liability:		
Balance, beginning of year	\$ 75,604	\$ 79,139
Change in present value of liability	8,294	8,228
Payments to annuitants	(11,763)	(11,763)
Balance, end of year	\$ 72,135	\$ 75,604

### 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 majority of the Foundation's permanently restricted net assets 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 STATEMENT

**AUGUST 31, 2018 AND 2017**

**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 unrestricted net assets of the Foundation and that future gains be allocated to unrestricted net assets until such losses have been restored. There were no cumulative losses as of August 31, 2018 or 2017.

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

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, September 1, 2017	\$ -	\$ 1,964,275	\$ 27,977,200	\$ 29,941,475
Contributions	-	-	274,446	274,446
Investment income, net	-	461,844	-	461,844
Capital appreciation	-	1,612,751	-	1,612,751
Appropriation for expenditure	-	(1,286,014)	-	(1,286,014)
Reclassifications	-	-	129,928	129,928
Balance, August 31, 2018	<u>\$ -</u>	<u>\$ 2,752,856</u>	<u>\$ 28,381,574</u>	<u>\$ 31,134,430</u>

The following is a reconciliation of the activity in the Endowment funds for the year ended August 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, September 1, 2016	\$ (15,330)	\$ -	\$ 27,597,567	\$ 27,582,237
Contributions	-	-	272,333	272,333
Investment income, net	-	372,628	-	372,628
Capital appreciation	-	2,833,718	-	2,833,718
Appropriation for expenditure	-	(1,226,741)	-	(1,226,741)
Reclassifications	15,330	(15,330)	107,300	107,300
Balance, August 31, 2017	<u>\$ -</u>	<u>\$ 1,964,275</u>	<u>\$ 27,977,200</u>	<u>\$ 29,941,475</u>



**WESTCHESTER COMMUNITY COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENT**

**AUGUST 31, 2018 AND 2017**

**18. Subsequent events:**

Management evaluated the activity of the Foundation through November 21, 2018 (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 2019 fiscal year.