

YORK COLLEGE FOUNDATION
Financial Statements
June 30, 2023 and 2022
(With Independent Auditors' Report Thereon)

YORK COLLEGE FOUNDATION

Table of Contents

| | <u>Page</u> |
|-----------------------------------|-------------|
| Independent Auditors' Report | 1 - 2 |
| Financial Statements: | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 - 5 |
| Statements of Functional Expenses | 6 - 7 |
| Statements of Cash Flows | 8 |
| Notes to Financial Statements | 9 - 16 |

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
York College Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements York College Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of York College Foundation as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2023

YORK COLLEGE FOUNDATION
 Statements of Financial Position
 June 30, 2023 and 2022

| <u>Assets</u> | <u>2023</u> | <u>2022</u> |
|--|--------------|-------------|
| Assets: | | |
| Cash and equivalents | \$ 1,177,538 | 1,181,576 |
| Investments | 2,498,711 | 2,294,493 |
| Contributions receivable, net of discount and allowance for doubtful accounts | 229,635 | 168,851 |
| Accounts receivable | 2,465 | 83,026 |
| Donated artwork | 115,000 | 115,000 |
| Other assets | 6,395 | 5,341 |
| Total assets | \$ 4,029,744 | 3,848,287 |
| <u>Liabilities and Net Assets</u> | | |
| Liabilities - accounts payable and accrued expenses | 24,881 | 12,181 |
| Net assets: | | |
| Without donor restrictions | 179,267 | 450,450 |
| With donor restrictions | 3,825,596 | 3,385,656 |
| Total net assets | 4,004,863 | 3,836,106 |
| Total liabilities and net assets | \$ 4,029,744 | 3,848,287 |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Activities
Year ended June 30, 2023
with comparative totals for 2022

| | Without donor <u>restrictions</u> | With donor <u>restrictions</u> | <u>Total</u> | |
|--|---|--------------------------------------|------------------|------------------|
| | | | <u>2023</u> | <u>2022</u> |
| Revenue, gains and other support: | | | | |
| Contributions - individuals, corporations and foundations | \$ 158,622 | 278,775 | 437,397 | 388,746 |
| Contributed nonfinancial assets | 332,105 | - | 332,105 | 331,921 |
| Fundraising events | 231,941 | - | 231,941 | 193,878 |
| Investment income (loss) | 597 | 204,174 | 204,771 | (251,460) |
| Net assets released from restrictions | <u>370,227</u> | <u>(370,227)</u> | <u>-</u> | <u>-</u> |
| Total revenue, gains and other support | <u>1,093,492</u> | <u>112,722</u> | <u>1,206,214</u> | <u>663,085</u> |
| Expenses: | | | | |
| Program services: | | | | |
| Scholarships | 40,712 | - | 40,712 | 97,295 |
| Support of York College | <u>862,526</u> | <u>-</u> | <u>862,526</u> | <u>580,066</u> |
| Total program services | <u>903,238</u> | <u>-</u> | <u>903,238</u> | <u>677,361</u> |
| Supporting services: | | | | |
| Management and general | 78,927 | - | 78,927 | 184,151 |
| Fundraising | <u>55,292</u> | <u>-</u> | <u>55,292</u> | <u>60,538</u> |
| Total supporting services | <u>134,219</u> | <u>-</u> | <u>134,219</u> | <u>244,689</u> |
| Total expenses | <u>1,037,457</u> | <u>-</u> | <u>1,037,457</u> | <u>922,050</u> |
| Change in net assets | 56,035 | 112,722 | 168,757 | (258,965) |
| Net assets at beginning of year | 450,450 | 3,385,656 | 3,836,106 | 4,095,071 |
| Transfer of net assets | <u>(327,218)</u> | <u>327,218</u> | <u>-</u> | <u>-</u> |
| Net assets at end of year | <u>\$ 179,267</u> | <u>3,825,596</u> | <u>4,004,863</u> | <u>3,836,106</u> |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Activities
Year ended June 30, 2022

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|--|---|--|------------------|
| Revenue, gains and other support: | | | |
| Contributions - individuals, corporations and foundations | \$ 93,479 | 295,267 | 388,746 |
| Contributed nonfinancial assets | 331,921 | - | 331,921 |
| Fundraising events | 193,878 | - | 193,878 |
| Investment income (loss) | 560 | (252,020) | (251,460) |
| Net assets released from restrictions | <u>261,250</u> | <u>(261,250)</u> | <u>-</u> |
| Total revenue, gains and other support | <u>881,088</u> | <u>(218,003)</u> | <u>663,085</u> |
| Expenses: | | | |
| Program services: | | | |
| Scholarships | 97,295 | - | 97,295 |
| Support of York College | <u>580,066</u> | <u>-</u> | <u>580,066</u> |
| Total program services | <u>677,361</u> | <u>-</u> | <u>677,361</u> |
| Supporting services: | | | |
| Management and general | 184,151 | - | 184,151 |
| Fundraising | <u>60,538</u> | <u>-</u> | <u>60,538</u> |
| Total supporting services | <u>244,689</u> | <u>-</u> | <u>244,689</u> |
| Total expenses | <u>922,050</u> | <u>-</u> | <u>922,050</u> |
| Change in net assets | (40,962) | (218,003) | (258,965) |
| Net assets at beginning of year | <u>491,412</u> | <u>3,603,659</u> | <u>4,095,071</u> |
| Net assets at end of year | <u>\$ 450,450</u> | <u>3,385,656</u> | <u>3,836,106</u> |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Functional Expenses
Year ended June 30, 2023
with comparative totals for 2022

| | Program Services | | Supporting Services | | Total | |
|---------------------------------|------------------|-------------------------------|------------------------------|---------------|------------------|----------------|
| | Scholarship | Support of York College | Management and general | Fundraising | 2023 | 2022 |
| Program grants | \$ - | 311,727 | - | - | 311,727 | 84,780 |
| Scholarship support | 40,712 | - | - | - | 40,712 | 97,295 |
| Contributed nonfinancial assets | - | 332,105 | - | - | 332,105 | 331,921 |
| Professional fees | - | 61,601 | 12,054 | 37,424 | 111,079 | 147,021 |
| Special events | - | 20,595 | - | - | 20,595 | 32,084 |
| Office supplies and expense | - | 34,381 | - | 17,868 | 52,249 | 32,539 |
| Bad debts | - | - | 15,000 | - | 15,000 | 123,754 |
| Miscellaneous expenses | - | 102,117 | 51,873 | - | 153,990 | 72,656 |
| Total expenses | <u>\$ 40,712</u> | <u>862,526</u> | <u>78,927</u> | <u>55,292</u> | <u>1,037,457</u> | <u>922,050</u> |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Functional Expenses
Year ended June 30, 2022

| | Program Services | | Supporting Services | | <u>Total</u> |
|---------------------------------|--------------------|--|---------------------------------------|--------------------|--------------|
| | <u>Scholarship</u> | <u>Support of York College</u> | <u>Management and general</u> | <u>Fundraising</u> | |
| Program grants | \$ - | 84,780 | - | - | 84,780 |
| Scholarship support | 97,295 | - | - | - | 97,295 |
| Contributed nonfinancial assets | - | 331,921 | - | - | 331,921 |
| Professional fees | - | 89,022 | 21,948 | 36,051 | 147,021 |
| Special events | - | 7,597 | - | 24,487 | 32,084 |
| Office supplies and expense | - | 32,539 | - | - | 32,539 |
| Bad debts | - | - | 123,754 | - | 123,754 |
| Miscellaneous expenses | - | 34,207 | 38,449 | - | 72,656 |
| Total expenses | \$ 97,295 | 580,066 | 184,151 | 60,538 | 922,050 |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
 Statements of Cash Flows
 Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 168,757 | (258,965) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Net unrealized (gain) loss on investments | (167,294) | 286,604 |
| Bad debts expense | 15,000 | 123,754 |
| Changes in: | | |
| Contributions receivable | (75,784) | (14,501) |
| Accounts receivable | 80,561 | (74,211) |
| Other assets | (1,054) | - |
| Accounts payable and accrued expenses | <u>12,700</u> | <u>(8,583)</u> |
| Net cash provided by operating activities | 32,886 | 54,098 |
| Cash flows from investing activities - purchase of investments | <u>(36,924)</u> | <u>(83,201)</u> |
| Net change in cash and equivalents | (4,038) | (29,103) |
| Cash and equivalents at beginning of year | <u>1,181,576</u> | <u>1,210,679</u> |
| Cash and equivalents at end of year | <u>\$ 1,177,538</u> | <u>1,181,576</u> |

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2023 and 2022

(1) Nature of Organization

On October 6, 1989, the York College Foundation (the Foundation) was incorporated in compliance with the City University of New York's Bylaws, Section 14.10, adopted by the Board of Trustees of The City University of New York (CUNY) on June 26, 1989 and authorized by the Board of Trustees in its meeting on March 21, 1990. The purpose of the Foundation is to support and advance the activities and missions of York College (the College) in its academic, cultural, research and public service programs, and to promote and encourage interest and support for these programs serving the students, faculty, administrative staff, alumni and others in the college community of York College. Although the Foundation is a separate and independent legal entity, it carries out operations which are integrally related to CUNY and, therefore, is presented as a part of CUNY's financial reporting entity.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Foundation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation.

(c) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Concentrations

At times, the Foundation's cash and equivalents balance may exceed federally insured limits. At June 30, 2023 and 2022, the Foundation's cash balances were in excess of this insurable limit. The Foundation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are reported at their fair values based on quoted market prices. Donated securities are recorded at fair value at the date of donation. Realized and unrealized gains and losses are included in the statements of activities as changes in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

(g) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met. Interest is not charged or recorded on outstanding receivables.

(h) Accounts Receivable

The Foundation records accounts receivable based on services provided; interest income is not accrued or recorded on outstanding accounts receivable.

(i) Contributions and Grants - Allowance for Doubtful Accounts

The Foundation determines whether an allowance for uncollectible accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Receivables are charged to bad debts when they are deemed to be uncollectible based upon a periodic review of the accounts by management. As of June 30, 2023 and 2022, the Foundation had an allowance for doubtful accounts of \$61,000.

(j) Functional Allocation of Expenses

The costs of providing the Foundation's programs and services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. All expenses related to providing these services have been allocated to program services with the exception of certain administrative and fundraising expenses.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Subsequent Events

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

(l) Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

(3) Liquidity

The Foundation has \$1,409,638 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,177,538 of cash and \$232,100 of receivables. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2023 statement of financial position.

(4) Investments

Fair Value Measurement and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurement and Disclosures, Continued

- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used during the years ended June 30, 2023 and 2022.

At June 30, 2023 and 2022, the Foundation's money market accounts, certificates of deposit and mutual funds are considered Level 1 assets.

The Foundation's investments consist of the following at June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|-------------------------|---------------------|------------------|
| Money market accounts | \$ 148,082 | 280,701 |
| Certificates of deposit | 101,841 | 101,841 |
| Mutual funds | <u>2,248,788</u> | <u>1,911,951</u> |
| Total investments | \$ <u>2,498,711</u> | <u>2,294,493</u> |

A summary of investment income (loss) for the years ended June 30, 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-------------------|------------------|
| Interest and dividends | \$ 53,317 | 52,087 |
| Net unrealized gain (loss) | 167,294 | (286,604) |
| Less investment expense | <u>(15,840)</u> | <u>(16,943)</u> |
| Total investment income (loss) | \$ <u>204,771</u> | <u>(251,460)</u> |

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(5) Contributions Receivable

Contributions receivable were estimated to be due as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-----------------|
| Gross amount due in: | | |
| Less than one year | \$ 290,635 | 229,851 |
| One to five years | <u>-</u> | <u>-</u> |
| | 290,635 | 229,851 |
| Less allowance for uncollectible amounts | <u>(61,000)</u> | <u>(61,000)</u> |
| Net contributions receivable | \$ <u>229,635</u> | <u>168,851</u> |

(6) Donated Artwork

In January 2015, a former professor of York College donated 10 pieces of artwork which include “Yankee Stadium,” “Barbershop,” “Elevated,” “Restaurant,” “Bodega,” “Bayamo I,” “Havana Façade,” “Trinidad II,” “Havana Hallway” and “Havana Façade II.” The estimated market value of the collection is \$92,000 and has been included in the net assets without donor restrictions of the accompanying financial statements.

In November 2008, the Foundation received a donation of three pieces of artwork, entitled “Blue Lightning,” “Earth Mother” and “Parandole II.” Pursuant to the gift agreement, the Foundation agreed to care for and display this artwork for a period of no less than three years from the date of ownership. After such time, the Foundation, in its own discretion, reserved the right to discontinue displaying the artwork, or otherwise dispose of it. The recorded value of the artwork of \$23,000 has been included in the net assets without donor restrictions of the accompanying financial statements.

(7) Contributed Nonfinancial Assets

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

| | <u>2023</u> | <u>2022</u> |
|----------|-------------------|----------------|
| Space | \$ 11,334 | 12,065 |
| Services | <u>320,771</u> | <u>319,856</u> |
| | \$ <u>332,105</u> | <u>331,921</u> |

Contributed space represents the Foundation’s share of the buildings in which the Foundation operates. The square footage rate of \$31 and \$33 in 2023 and 2022, respectively, used in the calculation is based on similar office space in the surrounding area.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|---------------------|------------------|
| Time or purpose restricted: | | |
| Scholarships | \$ 733,577 | 625,730 |
| Community and departmental programs | 835,701 | 719,882 |
| Investment return | 582,074 | 440,440 |
| Endowment: | | |
| Professorship (A) | 824,239 | 749,599 |
| Scholarships (B) | <u>850,005</u> | <u>850,005</u> |
| Total | \$ <u>3,825,596</u> | <u>3,385,656</u> |

(A) In October 2008, the Foundation received a \$500,000 contribution for the establishment of a permanent endowment to be known as the ACFE Fund for the purpose of supporting the ACFE Endowed Professor of Fraud Examination pursuant to the terms of the agreement between the grantor and the Foundation. In addition, the endowment agreement provides that as long as the principal of the ACFE Fund is less than \$750,000, York College will provide supplemental financial support to the Business School's accounting department in an amount equal to 5% of the balance of the endowment at September 1 of each year until the threshold of \$750,000 is attained and the earnings of the ACFE Fund will be reinvested and added to the principal. Once the principal has reached the minimum threshold, the income and appreciation of the ACFE Fund will be used as deemed necessary to effectuate the purposes of the gift and York College shall be under no further obligation to provide supplemental financial support for the ACFE professor. After reaching a balance of \$750,000, the Foundation agrees that the principal of the gift shall be preserved in perpetuity and only its income and appreciation will be used for the purposes described in the endowment agreement. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration.

(B) Consists of endowment corpus that provides investment income primarily for student scholarships.

During 2023 and 2022, net assets with donor restrictions were released from restrictions by incurring expenses for the following donor restricted purposes:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------------|----------------|
| Community and departmental programs | \$ 298,691 | 163,955 |
| Scholarships | <u>71,536</u> | <u>97,295</u> |
| Total | \$ <u>370,227</u> | <u>261,250</u> |

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(9) Pledge Commitments

In May 2015, a former York College student made a pledge to contribute a total of \$150,000 to the Foundation, consisting of \$50,000 in cash to be paid over ten years (2016 - 2025), of which \$6,280 has been received through June 30, 2021. The remaining balance of \$43,720 was written off as of June 30, 2022.

In April 2012, an alumnus of the College made a pledge to contribute a total of \$200,000 to the Foundation, of which \$120,846 was received through June 30, 2021. The remaining balance of \$79,154 was written off as of June 30, 2022.

(10) Endowment Funds

The Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the Foundation and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, (7) the Foundation's investment policies and (8) where appropriate, alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on the Foundation.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified assets allocation that places an emphasis on fixed income investments to achieve its long-term return objectives within prudent risk parameters.

The Board of Trustees utilizes a spending rate of 4.5% of the fair value of the endowment funds at the beginning of the fiscal year to determine its annual drawdown from the endowment.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(10) Endowment Funds, Continued

The following is a reconciliation of the activity in the endowment funds for the years ended June 30, 2023 and 2022:

| | <u>Time restrictions</u> | <u>Endowment restrictions</u> | <u>Total</u> |
|--------------------------|------------------------------|-----------------------------------|------------------|
| Balance at June 30, 2021 | \$ 561,868 | 1,691,804 | 2,253,672 |
| Contributions | 49,224 | - | 49,224 |
| Investment return | (159,820) | (92,200) | (252,020) |
| Appropriation | <u>(10,832)</u> | <u>-</u> | <u>(10,832)</u> |
| Balance at June 30, 2022 | 440,440 | 1,599,604 | 2,040,044 |
| Contributions | 12,100 | - | 12,100 |
| Investment return | <u>129,534</u> | <u>74,640</u> | <u>204,174</u> |
| Balance at June 30, 2023 | \$ <u>582,074</u> | <u>1,674,244</u> | <u>2,256,318</u> |

All of the Foundation's endowment funds are restricted in nature.