

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The City University of New York
School of Law Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The City University of New York School of Law Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 The City University of New York School of Law Foundation, Inc. as of June 30, 2022 and 2021, 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.

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 7, 2022

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statements of Financial Position
June 30, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Assets:			
Cash and equivalents		\$ 1,966,415	2,580,069
Investments in CUNY investment pool		5,119,065	3,941,335
Contributions receivable, net		1,326,428	724,001
Other receivables		3,140	3,140
Due from related parties		599	599
Prepaid expenses		3,788	3,167
Furniture, fixtures and equipment, net		<u>-</u>	<u>-</u>
Total assets		<u>\$ 8,419,435</u>	<u>7,252,311</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable and accrued expenses		111,626	139,521
Due to related parties		17,049	6,000
Promissory note - paycheck protection program		<u>-</u>	<u>66,970</u>
Total liabilities		<u>128,675</u>	<u>212,491</u>
Net assets:			
Without donor restrictions		614,685	725,687
With donor restrictions		<u>7,676,075</u>	<u>6,314,133</u>
Total net assets		<u>8,290,760</u>	<u>7,039,820</u>
Total liabilities and net assets		<u>\$ 8,419,435</u>	<u>7,252,311</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Statement of Activities
Year ended June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Contributions and grants	\$ 106,632	2,574,502	2,681,134
Contributed nonfinancial assets	469,895	-	469,895
Net investment loss	(21,330)	(183,796)	(205,126)
Grant forgiveness - paycheck protection program	66,970	-	66,970
Net assets released from restrictions	<u>1,028,764</u>	<u>(1,028,764)</u>	<u>-</u>
Total revenue	<u>1,650,931</u>	<u>1,361,942</u>	<u>3,012,873</u>
Expenses:			
Program services:			
Fellowships and education	693,626	-	693,626
Court Square Law	881	-	881
Centers, projects and programs	<u>527,752</u>	<u>-</u>	<u>527,752</u>
Total program services	<u>1,222,259</u>	<u>-</u>	<u>1,222,259</u>
Supporting services:			
Fundraising	206,798	-	206,798
Management and general	<u>332,876</u>	<u>-</u>	<u>332,876</u>
Total supporting services	<u>539,674</u>	<u>-</u>	<u>539,674</u>
Total expenses	<u>1,761,933</u>	<u>-</u>	<u>1,761,933</u>
Change in net assets	(111,002)	1,361,942	1,250,940
Net assets at beginning of year	<u>725,687</u>	<u>6,314,133</u>	<u>7,039,820</u>
Net assets at end of year	<u>\$ 614,685</u>	<u>7,676,075</u>	<u>8,290,760</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Statement of Activities
Year ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Contributions and grants	\$ 211,161	1,225,549	1,436,710
Contributed nonfinancial assets	607,487	-	607,487
Net investment income	2,847	592,790	595,637
Other income	56,410	-	56,410
Net assets released from restrictions	<u>1,028,906</u>	<u>(1,028,906)</u>	<u>-</u>
Total revenue	<u>1,906,811</u>	<u>789,433</u>	<u>2,696,244</u>
Expenses:			
Program services:			
Fellowships and education	899,331	-	899,331
Court Square Law	432,464	-	432,464
Centers, projects and programs	<u>567,869</u>	<u>-</u>	<u>567,869</u>
Total program services	<u>1,899,664</u>	<u>-</u>	<u>1,899,664</u>
Supporting services:			
Fundraising	348,959	-	348,959
Management and general	<u>231,780</u>	<u>-</u>	<u>231,780</u>
Total supporting services	<u>580,739</u>	<u>-</u>	<u>580,739</u>
Total expenses	<u>2,480,403</u>	<u>-</u>	<u>2,480,403</u>
Change in net assets	(573,592)	789,433	215,841
Net assets at beginning of year	<u>1,299,279</u>	<u>5,524,700</u>	<u>6,823,979</u>
Net assets at end of year	<u>\$ 725,687</u>	<u>6,314,133</u>	<u>7,039,820</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statement of Functional Expenses
Year ended June 30, 2022

	<u>Program Services</u>							<u>Supporting Services</u>				
	Fellowships and education	Court Square Law	Sorensen Center	CLEAR	CED	GLPP	All other	Total program services	Fundraising	Management and general	Total supporting services	Total
Fellowships	\$ 693,626	-	-	-	-	-	-	693,626	-	-	-	693,626
Program expenses	-	881	30,858	33,404	43,359	18,477	33,300	160,279	-	-	-	160,279
Salaries	-	-	36,076	159,826	39,952	-	-	235,854	-	-	-	235,854
Fringe benefits and payroll taxes	-	-	-	82,049	26,328	-	-	108,377	-	-	-	108,377
Reunion and alumni events	-	-	-	-	-	-	4,343	4,343	-	-	-	4,343
Insurance	-	-	-	-	-	-	-	-	-	5,809	5,809	5,809
Professional fees	-	-	-	-	-	-	-	-	-	49,350	49,350	49,350
Bank charges	-	-	-	-	-	-	-	-	2,296	-	2,296	2,296
Staff development and relations	-	-	-	-	-	-	-	-	12,324	-	12,324	12,324
Contributed nonfinancial assets	-	-	-	-	-	-	-	-	192,178	277,717	469,895	469,895
Bad debt expense	-	-	19,500	-	-	-	280	19,780	-	-	-	19,780
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>\$ 693,626</u>	<u>881</u>	<u>86,434</u>	<u>275,279</u>	<u>109,639</u>	<u>18,477</u>	<u>37,923</u>	<u>1,222,259</u>	<u>206,798</u>	<u>332,876</u>	<u>539,674</u>	<u>1,761,933</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statement of Functional Expenses
Year ended June 30, 2021

	Program Services							Supporting Services				
	Fellowships and <u>education</u>	Court <u>Square Law</u>	Sorensen <u>Center</u>	<u>CLEAR</u>	<u>CED</u>	<u>GLPP</u>	All <u>other</u>	Total program <u>services</u>	<u>Fundraising</u>	Management and <u>general</u>	Total supporting <u>services</u>	<u>Total</u>
Fellowships	\$ 899,331	-	-	-	-	-	-	899,331	-	-	-	899,331
Program expenses	-	20,234	10,437	44,218	5,414	42,754	37,166	160,223	-	-	-	160,223
Salaries	-	271,961	30,338	162,898	89,944	-	-	555,141	-	-	-	555,141
Fringe benefits and payroll taxes	-	33,048	-	84,541	55,371	-	-	172,960	-	-	-	172,960
Reunion and alumni events	-	-	-	-	-	-	4,788	4,788	-	-	-	4,788
Insurance	-	4,471	-	-	-	-	-	4,471	-	4,907	4,907	9,378
Professional fees	-	-	-	-	-	-	-	-	-	48,715	48,715	48,715
Bank charges	-	-	-	-	-	-	-	-	1,500	-	1,500	1,500
Staff development and relations	-	-	-	-	-	-	-	-	15,444	-	15,444	15,444
Contributed nonfinancial assets	-	102,750	-	-	-	-	-	102,750	332,015	172,722	504,737	607,487
Depreciation	-	-	-	-	-	-	-	-	-	5,436	5,436	5,436
Total expenses	<u>\$ 899,331</u>	<u>432,464</u>	<u>40,775</u>	<u>291,657</u>	<u>150,729</u>	<u>42,754</u>	<u>41,954</u>	<u>1,899,664</u>	<u>348,959</u>	<u>231,780</u>	<u>580,739</u>	<u>2,480,403</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Statements of Cash Flows
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,250,940	215,841
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	5,436
Forgiveness of promissory note - paycheck protection program	(66,970)	-
Net realized and unrealized (gains) losses on investments	251,723	(554,670)
Bad debt	19,780	-
Changes in:		
Contributions receivable	(622,207)	133,330
Others receivables	-	9,744
Due from related parties	-	2,628
Prepaid expenses	(621)	3,156
Accounts payable and accrued expenses	(27,895)	8,932
Deferred revenue	-	(10,545)
Due to related parties	<u>11,049</u>	<u>(176,639)</u>
Net cash provided by (used in) operating activities	<u>815,799</u>	<u>(362,787)</u>
Cash flows from investing activities:		
Purchase of investments	(1,556,330)	(133,722)
Proceeds from sales of investments	<u>126,877</u>	<u>110,029</u>
Net cash used in investing activities	<u>(1,429,453)</u>	<u>(23,693)</u>
Cash flows from financing activities - private gifts for restricted endowments	<u>-</u>	<u>21,150</u>
Net change in cash and equivalents	(613,654)	(365,330)
Cash and equivalents at beginning of year	<u>2,580,069</u>	<u>2,945,399</u>
Cash and equivalents at end of year	<u>\$ 1,966,415</u>	<u>2,580,069</u>

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements

June 30, 2022 and 2021

(1) Nature of Organization

The City University of New York School of Law Foundation, Inc. (the Foundation) is a New York State not-for-profit corporation, which serves as a repository for gifts to The City University of New York Law School (the CUNY Law School).

As an integral part of its mission of maintaining and strengthening the academic excellence of the CUNY Law School, the Foundation administers funds, the proceeds of which are used to support the educational needs of the CUNY Law School such as scholarships, special academic programs and other activities. The Foundation also manages restricted accounts and allocates the income from these accounts as prescribed by their donors.

(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, 2022 and 2021, 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.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Concentrations, Continued

At June 30, 2022, contributions receivable from five donors amounted to \$1,303,577, which represented 98% of contributions receivable. At June 30, 2021, contributions receivable from three donors amounted to \$598,055, which represented 83% of contributions receivable. The Foundation regularly monitors its contributions receivable by investigating delayed payments and differences when payments received do not conform to the payment schedules. At June 30, 2022 and 2021, the Foundation had an allowance for doubtful accounts in the amount of \$38,132 and \$18,352, respectively.

(f) Investments

The Foundation's investments are held by CUNY in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the Committee). Several investment advisory firms are engaged to assist the Committee in its Investment Pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds and foreign bonds. 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) Fair Value Measurements

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). Level 2 assets are those whose inputs to the valuation methodology are determined by quoted prices for similar assets in active markets. Investments held by the Foundation are classified as level 2 in the fair value hierarchy.

(h) 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 (1.6% in 2022 and 2021) 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.

(i) Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost if purchased or at fair value at the date of the gift, if contributed. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Contributions and Grants

Contributions and grants received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions in which the restriction is met in the same period as received are reported as net assets without donor restrictions.

(k) Contributed Nonfinancial Assets

The Foundation operates on the campus of the CUNY Law School and, as such, office space and certain services are made available to it. Contributed salaries and related benefits are comprised of financial and administrative services related to the operations of the Foundation. Amounts represent an estimated percentage of time worked on Foundation related activity. Contributed space represents the Foundation's share of the building in which the Foundation operates. The square footage rate used in the calculation is based on similar office space in the surrounding area. The cost savings associated with contributed services and facilities, which amounted to \$469,895 and \$607,487 during the years ended June 30, 2022 and 2021, respectively, are reflected in the accompanying statements of activities as both revenue and expenses.

(l) 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 expenses. Salaries and benefits are allocated among programs and support services based on time and effort. Other expenses are allocated based on direct usage.

(m) Recent Accounting Standards Issued

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gifts-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retroactive adoption of this new standard.

(n) 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.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(o) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Foundation and its future results and financial position is not presently determinable.

(p) 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 \$4,396,411 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,966,415 of cash and equivalents, \$1,478,406 of short term investments, and \$951,590 of receivables. Some of the receivables are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(4) Contributions Receivable

Contributions receivable, net at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 985,983	389,298
Two to five years	-	-
Thereafter	<u>1,000,000</u>	<u>1,000,000</u>
	1,985,983	1,389,298
Less:		
Discount to net present value	(621,423)	(646,945)
Allowance for uncollectible pledges	<u>(38,132)</u>	<u>(18,352)</u>
Net contributions receivable	\$ <u>1,326,428</u>	<u>724,001</u>

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(5) Investments in CUNY Investment Pool and Related Investment Income

The Foundation's investments in the CUNY investment pool are comprised of assets which are pooled and invested by and under the control of the Committee. Pooled investments include equity and fixed income securities. Investments as of June 30, 2022 and 2021, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Investments in CUNY investment pool - short term	\$ 1,478,406	-
Investments in CUNY investment pool - long term	<u>3,640,659</u>	<u>3,941,335</u>
Total investments in CUNY investment pool	\$ <u>5,119,065</u>	<u>3,941,335</u>

The following table summarizes the activity of investments during the years ended June 30, 2022 and 2021:

Balance at June 30, 2020	\$ 3,362,972
Interest and dividends	38,120
Realized gains	47,368
Unrealized gains	507,302
Purchases	95,602
Sales, net	<u>(110,029)</u>
Balance at June 30, 2021	3,941,335
Additions	1,500,000
Interest and dividends	46,330
Realized gains	100,965
Unrealized losses	(352,688)
Purchases	10,000
Sales, net	<u>(126,877)</u>
Balance at June 30, 2022	\$ <u>5,119,065</u>

Net investment income (loss) from the CUNY investment pool during the years ended June 30, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 46,330	38,120
Net realized gains	100,965	47,368
Net unrealized gains (losses)	<u>(352,688)</u>	<u>507,302</u>
Total investment income (loss)	\$ <u>(205,393)</u>	<u>592,790</u>

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Furniture, Fixtures and Equipment

Furniture, fixtures and equipment at June 30, 2022 and 2021 consists of the following:

	<u>Estimated useful lives</u>	<u>2022</u>	<u>2021</u>
Computer equipment	5 years	\$ 69,363	69,363
Furniture and fixtures	7 years	<u>116,154</u>	<u>116,154</u>
Subtotal		185,517	185,517
Less accumulated depreciation		<u>(185,517)</u>	<u>(185,517)</u>
Total		\$ <u> -</u>	<u> -</u>

(7) Promissory Note - Paycheck Protection Program

On May 6, 2020, the Foundation received a Small Business Administration (SBA) loan under the Coronavirus Aid Relief, and Economic Security Act (CARES Act) in the amount of \$66,970 with a 1% interest rate.

Pursuant to the terms of the CARES Act and any implementing rules and regulations, the Foundation applied for the loan to be forgiven by the SBA. On July 23, 2021, the Foundation was notified by the SBA that the loan has been forgiven in their entirety and, accordingly, has recorded the loan forgiveness/grant revenue of \$66,970 for the year ended June 30, 2022.

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Time or purpose restriction:		
Fellowship/scholarships	\$ 776,999	848,114
Haywood Burns' Chair on Civil Rights	115,023	146,955
David Fields Fund	378,577	353,055
Sorensen Center Fund	805,920	718,819
Creating Law Enforcement Accountability and Responsibility	1,472,273	751,786
Gender Law and Policy	663,533	63,533
Other	<u>519,181</u>	<u>469,802</u>
Total time or purpose restriction	<u>4,731,506</u>	<u>3,352,064</u>

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Notes to Financial Statements, Continued

(8) Net Assets With Donor Restrictions, Continued

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Endowment:		
Fellowship	\$ 523,917	523,917
Haywood Burns' Chair on Civil Rights	522,921	522,921
International Women Human Rights Law Clinic	150,000	150,000
Lecture Series	81,000	81,000
Sorensen Center Fund	<u>1,666,731</u>	<u>1,684,231</u>
Total endowment	<u>2,944,569</u>	<u>2,962,069</u>
Total	<u>\$ 7,676,075</u>	<u>6,314,133</u>

(9) Endowment

The Foundation classifies as net assets with donor restrictions: (a) the original value of gifts contributed 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.

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Notes to Financial Statements, Continued

(9) Endowment, Continued

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds for grant making and administration. The current spending policy is to distribute 5% of the endowment assets.

Endowment net asset composition consists of \$2,944,569 and \$2,962,069 which is included in net assets with donor restrictions as of June 30, 2022 and 2021, respectively.

Changes in net assets with donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>Time</u> <u>restrictions</u>	<u>Endowment</u> <u>restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2020	\$ 373,333	2,940,919	3,314,252
Investment gains, net	542,723	-	542,723
Contribution to endowments	-	21,150	21,150
Amounts appropriated for expenditure	<u>(99,606)</u>	<u>-</u>	<u>(99,606)</u>
Endowment net assets at June 30, 2021	816,450	2,962,069	3,778,519
Investment loss, net	(168,803)	-	(168,803)
Bad debt expense	-	(17,500)	(17,500)
Amounts appropriated for expenditure	<u>(112,711)</u>	<u>-</u>	<u>(112,711)</u>
Endowment net assets at June 30, 2022	\$ <u>534,936</u>	<u>2,944,569</u>	<u>3,479,505</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or New York Prudent Management of Institutional Funds Act (NYPMIFA) require the Foundation to retain as a fund of perpetual duration. At June 30, 2022 and 2021 there are no deficiencies of this nature.