

**The City University of New York  
School of Law Foundation, Inc.**

**Financial Statements  
and Independent Auditor's Report**

**June 30, 2017 and 2016**

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**COHN  REZNICK**  
ACCOUNTING • TAX • ADVISORY

**The City University of New York  
School of Law Foundation, Inc.**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of The City University of New York School of Law Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses 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 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 audit 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 The City University of New York School of Law Foundation, Inc. as of June 30, 2017 and 2016, 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.



New York, New York  
October 11, 2017

**The City University of New York  
School of Law Foundation, Inc.**

**Statements of Financial Position  
June 30, 2017 and 2016**

Assets

	2017	2016
Cash and cash equivalents	\$ 2,097,249	\$ 2,377,283
Investments	3,026,334	2,254,431
Contributions receivable, net	745,625	887,748
Other receivables	-	150,500
Due from related party	34,782	-
Prepaid expenses	6,352	7,066
Furniture, fixtures and equipment, net	24,558	31,131
Total assets	\$ 5,934,900	\$ 5,708,159

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 185,799	\$ 43,543
Deferred revenue	148,486	23,100
Due to related party	9,220	25,000
Total liabilities	343,505	91,643
Commitments and contingencies		
Net assets		
Unrestricted	784,627	542,882
Temporarily restricted	2,321,698	2,596,860
Permanently restricted	2,485,070	2,476,774
Total net assets	5,591,395	5,616,516
Total liabilities and net assets	\$ 5,934,900	\$ 5,708,159

See Notes to Financial Statements.

**The City University of New York  
School of Law Foundation, Inc.**

**Statement of Activities  
Year Ended June 30, 2017**

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains and other support				
Contributions and grants	\$ 242,616	\$ 907,389	\$ 8,296	\$ 1,158,301
Contributed services	569,918	-	-	569,918
Contributed facilities	131,890	-	-	131,890
Investment gains	440	281,345	-	281,785
Other income	46,381	-	-	46,381
Net assets released from restrictions	1,463,896	(1,463,896)	-	-
	<u>2,455,141</u>	<u>(275,162)</u>	<u>8,296</u>	<u>2,188,275</u>
Total revenue, gains and other support				
Expenses				
Program services				
Fellowships and education	216,724	-	-	216,724
Court Square Law Project	918,835	-	-	918,835
Law school and faculty development	427,192	-	-	427,192
	<u>1,562,751</u>	<u>-</u>	<u>-</u>	<u>1,562,751</u>
Total program expenses				
Support services				
Fundraising	354,324	-	-	354,324
Management and general	296,321	-	-	296,321
	<u>650,645</u>	<u>-</u>	<u>-</u>	<u>650,645</u>
Total support services				
Total expenses	<u>2,213,396</u>	<u>-</u>	<u>-</u>	<u>2,213,396</u>
Changes in net assets	241,745	(275,162)	8,296	(25,121)
Net assets, beginning	<u>542,882</u>	<u>2,596,860</u>	<u>2,476,774</u>	<u>5,616,516</u>
Net assets, end	<u>\$ 784,627</u>	<u>\$ 2,321,698</u>	<u>\$ 2,485,070</u>	<u>\$ 5,591,395</u>

See Notes to Financial Statements.

**The City University of New York  
School of Law Foundation, Inc.**

**Statement of Activities  
Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenue, gains and other support				
Contributions and grants	\$ 177,527	\$ 2,397,414	\$ -	\$ 2,574,941
Contributed services	656,757	-	-	656,757
Contributed facilities	52,456	-	-	52,456
Investment income (losses)	310	(57,624)	-	(57,314)
Other income	3,180	-	-	3,180
Net assets released from restrictions	1,281,888	(1,281,888)	-	-
Net assets redesignated by donor	-	10,000	(10,000)	-
	<u>2,172,118</u>	<u>1,067,902</u>	<u>(10,000)</u>	<u>3,230,020</u>
Total revenue, gains and other support				
Expenses				
Program services				
Fellowships and education	453,659	-	-	453,659
Court Square Law Project	698,508	-	-	698,508
Immigrant initiatives	19,691	-	-	19,691
Law school and faculty development	508,242	-	-	508,242
	<u>1,680,100</u>	<u>-</u>	<u>-</u>	<u>1,680,100</u>
Total program expenses				
Support services				
Fundraising	486,826	-	-	486,826
Management and general	161,260	-	-	161,260
	<u>648,086</u>	<u>-</u>	<u>-</u>	<u>648,086</u>
Total support services				
Total expenses	<u>2,328,186</u>	<u>-</u>	<u>-</u>	<u>2,328,186</u>
Changes in net assets	(156,068)	1,067,902	(10,000)	901,834
Net assets, beginning	<u>698,950</u>	<u>1,528,958</u>	<u>2,486,774</u>	<u>4,714,682</u>
Net assets, end	<u>\$ 542,882</u>	<u>\$ 2,596,860</u>	<u>\$ 2,476,774</u>	<u>\$ 5,616,516</u>

See Notes to Financial Statements.

**The City University of New York  
School of Law Foundation, Inc.**

**Statement of Functional Expenses  
Year Ended June 30, 2017**

	Program Services				Support Services			Total
	Fellowships and education	Court Square Law Project	Law school and faculty development	Total program services	Fundraising	Management and general	Total support services	
Fellowships	\$ 213,079	\$ -	\$ -	\$ 213,079	\$ -	\$ -	\$ -	\$ 213,079
Program expenses	-	338,450	189,236	527,686	-	-	-	527,686
Salaries	-	315,243	116,360	431,603	-	-	-	431,603
Fringe benefits and payroll taxes	-	143,744	58,817	202,561	-	-	-	202,561
Student activities	-	-	16,569	16,569	-	-	-	16,569
Faculty development	-	-	175	175	-	-	-	175
Reunion and alumni events	-	-	38,686	38,686	-	-	-	38,686
Insurance	-	7,503	-	7,503	-	3,361	3,361	10,864
Professional fees	-	-	-	-	-	53,873	53,873	53,873
Bank charges	-	541	-	541	4,579	275	4,854	5,395
Staff development and relations	-	-	59	59	-	-	-	59
Rent	-	109	-	109	-	-	-	109
Contributed facilities	228	109,828	456	110,512	11,050	10,328	21,378	131,890
Contributed services	3,417	3,417	6,834	13,668	338,695	217,555	556,250	569,918
Bad debt expense	-	-	-	-	-	4,356	4,356	4,356
Depreciation	-	-	-	-	-	6,573	6,573	6,573
<b>Total</b>	<b>\$ 216,724</b>	<b>\$ 918,835</b>	<b>\$ 427,192</b>	<b>\$ 1,562,751</b>	<b>\$ 354,324</b>	<b>\$ 296,321</b>	<b>\$ 650,645</b>	<b>\$ 2,213,396</b>

See Notes to Financial Statements.

**The City University of New York  
School of Law Foundation, Inc.**

**Statement of Functional Expenses  
Year Ended June 30, 2016**

	Program Services				Support Services			Total	
	Fellowships and education	Court Square Law Project	Immigrant initiatives	Law school and faculty development	Total program services	Fundraising	Management and general		Total support services
Fellowships	\$ 442,517	\$ -	\$ -	\$ -	\$ 442,517	\$ -	\$ -	\$ -	\$ 442,517
Program expenses	-	374,194	-	167,307	541,501	-	-	-	541,501
Salaries	-	149,952	-	94,134	244,086	-	-	-	244,086
Fringe benefits and payroll taxes	-	72,475	-	23,790	96,265	-	-	-	96,265
Student activities	-	-	-	19,769	19,769	-	-	-	19,769
Faculty development	-	-	-	27,484	27,484	-	-	-	27,484
Reunion and alumni events	-	-	-	63,192	63,192	-	-	-	63,192
Insurance	-	-	-	-	-	-	4,896	4,896	4,896
Professional fees	-	-	-	-	-	-	44,110	44,110	44,110
Consultant fees	-	-	-	75,067	75,067	-	-	-	75,067
Office supplies	-	-	-	-	-	-	78	78	78
Administrative fee	-	-	-	-	-	3,156	-	3,156	3,156
Bank charges	-	-	-	-	-	-	2,992	2,992	2,992
Staff development and relations	-	-	-	1,208	1,208	-	-	-	1,208
Rent	-	25,000	-	-	25,000	-	-	-	25,000
Contributed facilities	460	2,480	680	30,950	34,570	14,836	3,050	17,886	52,456
Contributed services	10,682	69,120	18,096	5,341	103,239	468,834	84,684	553,518	656,757
Bad debt expense	-	-	-	-	-	-	21,450	21,450	21,450
Depreciation	-	5,287	915	-	6,202	-	-	-	6,202
<b>Total</b>	<b>\$ 453,659</b>	<b>\$ 698,508</b>	<b>\$ 19,691</b>	<b>\$ 508,242</b>	<b>\$ 1,680,100</b>	<b>\$ 486,826</b>	<b>\$ 161,260</b>	<b>\$ 648,086</b>	<b>\$ 2,328,186</b>

See Notes to Financial Statements.



**The City University of New York  
School of Law Foundation, Inc.**

**Statements of Cash Flows  
Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ (25,121)	\$ 901,834
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Additions to permanently restricted net assets	(8,296)	-
Depreciation	6,573	6,202
Net realized and unrealized (gain) loss on investments	(276,146)	69,908
Bad debt expense	4,356	21,450
Changes in operating assets and liabilities		
Contributions receivable	26,063	31,358
Prepaid expenses	714	(5,950)
Other receivables	150,500	(500)
Due from related party	(34,782)	-
Accounts payable and accrued expenses	142,256	6,171
Deferred revenue	125,386	23,100
Due to related party	(15,780)	(100,772)
	<u>95,723</u>	<u>952,801</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of furniture, fixtures and equipment	-	(36,218)
Purchases of investments	(586,844)	(12,284)
Proceeds from sale of investments	91,087	91,064
	<u>(495,757)</u>	<u>42,562</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activity		
Private gifts for permanently restricted endowments	120,000	250,725
	<u>120,000</u>	<u>250,725</u>
Net (decrease) increase in cash and cash equivalents	(280,034)	1,246,088
Cash and cash equivalents, beginning	2,377,283	1,131,195
	<u>2,377,283</u>	<u>1,131,195</u>
Cash and cash equivalents, end	<u>\$ 2,097,249</u>	<u>\$ 2,377,283</u>

See Notes to Financial Statements.

**The City University of New York  
School of Law Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2017 and 2016**

**Note 1 - Organization and basis of presentation**

**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 at Queens College (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.

**Note 2 - Summary of significant accounting policies**

**Basis of presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation's net assets, revenue and expenses, and investment gains and losses are classified based on the existence or absence of donor imposed restrictions.

**Net assets**

The net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted* - net assets represent those resources not subject to donor restrictions. Any deficit in the unrestricted fund balance will be restored in future periods.

*Temporarily restricted* - net assets represent those resources subject to donor-imposed requirements that will be fulfilled either by actions of the Foundation or the passage of time. Net assets released from restrictions reflect the fulfillment of the restricted purposes specified by the donors.

*Permanently restricted* - net assets represent those resources, the use of which has been permanently restricted by donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of those donors. Under the terms of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), those earnings will be classified as temporarily restricted in the accompanying statements of activities pending appropriation by the Board of Directors.

**Use of estimates**

The preparation of financial statements in conformity 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.

**Concentrations**

Cash and cash equivalents consist of demand deposits, certificates of deposit, U.S. Treasury bills and money market accounts with original maturity dates of three months or less when acquired. At times, the Foundation's cash and cash equivalents balance may exceed federally insured limits. At June 30, 2017, the Foundation's cash balances were in excess of this insurable limit. The

**The City University of New York  
School of Law Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2017 and 2016**

Foundation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

At June 30, 2017, contributions receivable from one donor amounted to \$300,000, which represents 40% of contributions receivable. At June 30, 2016, contributions receivable from two donors amounted to \$400,000, which represents 46% of contributions receivable. The Foundation regularly monitors its contributions receivable by investigating delayed payments and differences when payments received do not confirm to the payment schedules. At June 30, 2017 and 2016, the Foundation recorded an allowance for doubtful accounts of \$6,060 and \$0, respectively.

**Investments**

Investments are carried at fair value based upon quoted market prices. Donated securities are recorded at fair market value at the date of donation. Realized and unrealized gains and losses are included in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

**Contributions receivable**

Contributions receivable represent unconditional promises to contribute cash or other assets. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using rates ranging from 2.26% to 7%, which are rates commensurate with the risks involved with the ultimate payment of the contribution receivable at the time the contribution was made. Discounts are amortized using an effective yield over the expected life of the contribution and are reflected as contribution revenue.

**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 donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

**Donated facilities and services**

The Foundation operates on the campus of the CUNY Law School and, as such, office space and certain services are made available to it. The cost savings associated with contributed services and facilities, which amounted to \$569,918 and \$131,890, respectively, during the year ended June 30, 2017, and \$656,757 and \$52,456, respectively, during the year ended June 30, 2016, are reflected in the accompanying statements of activities as both revenue and expenses.

**Contributions and grants**

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 net assets released from restrictions. Restricted contributions in which the restriction is met in the same period as received are reported as unrestricted contributions.

**The City University of New York  
School of Law Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2017 and 2016**

**Functional expense allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Tax exempt status**

The Foundation is an exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "IRC"). Once qualified, the Foundation is required to operate in conformity with the IRC to maintain its tax-exempt status. The Foundation is not aware of any course of action or series of events that have occurred that might adversely affect the Foundation's tax-exempt status.

The Foundation has no unrecognized tax benefits at June 30, 2017 and 2016. The Foundation's federal and state income tax returns prior to fiscal year 2014 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Foundation will recognize interest and penalties associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position. There were no interest or penalties paid for the years ended June 30, 2017 or 2016.

**Reclassification**

Certain amounts in the 2016 financial statements have been reclassified to conform with the current year presentation.

**Subsequent events**

The Foundation has evaluated subsequent events through October 11, 2017, which is the date the financial statements were available to be issued.

**Note 3 - Contributions receivable, net**

Contributions receivable, net consists of the following:

	2017	2016
Due within one year	\$ 484,635	\$ 536,018
Two to five years	-	105,000
Thereafter	1,000,000	1,000,000
Total	1,484,635	1,641,018
Less		
Discount to net present value	732,950	753,270
Allowance for uncollectible pledges	6,060	-
Net contributions receivable	\$ 745,625	\$ 887,748

**Note 4 - Other receivables**

Included in other receivables as of June 30, 2016, is a \$150,000 BAR Grant due from the Research Foundation of the City University of New York ("CUNY").

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

Notes to Financial Statements  
June 30, 2017 and 2016

**Note 5 - Investments**

Investments are comprised of pooled investments which are assets that are pooled and invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY. Pooled investments include equity and fixed income securities.

Investment income (loss) is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 5,639	\$ 12,594
Net unrealized gain (loss)	248,703	(85,082)
Net realized gain	<u>27,443</u>	<u>15,174</u>
Total investment loss	<u>\$ 281,785</u>	<u>\$ (57,314)</u>

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy was established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in methodology used for the years ended June 30, 2017 and 2016.

The CUNY Investment Pool, which has a fair value amount of \$3,026,334 and \$2,254,431 at June 30, 2017 and 2016, respectively, are all classified as Level 2 as described above and have no redemption restrictions or commitments.

The pooled investment manager values the pooled investments based on the Net Asset Value ("NAV") as a practical expedient to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Pooled investments are not subject to certain redemption terms and restrictions.

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**Notes to Financial Statements  
June 30, 2017 and 2016**

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of each year. There were no such transfers during the year ended June 30, 2017 and 2016.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 6 - Furniture, fixtures and equipment**

Furniture, fixtures and equipment consist of the following:

	Estimated useful lives	2017	2016
Computer equipment	5 Years	\$ 69,363	\$ 69,363
Furniture and fixtures	7 Years	116,154	116,154
Subtotal		185,517	185,517
Less accumulated depreciation		160,959	154,386
Total		<u>\$ 24,558</u>	<u>\$ 31,131</u>

**Note 7 - Deferred revenue**

The Foundation defers recognition of revenue received in advance from Court Square Law Project clients. The balances at June 30, 2017 and 2016 were \$148,486 and \$23,100, respectively.

**Note 8 - Restrictions on net assets**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Fellowship/scholarships	\$ 313,450	\$ 196,362
Haywood Burns' Chair on Civil Rights	287,824	284,374
David Fields Fund	267,050	249,046
Sorensen Center Fund	241,231	162,916
Court Square Law Project	479,707	1,177,252
Creating Law Enforcement Accountability & Responsibility	226,885	157,897
Gender Law & Policy	149,961	108,087
Other	355,590	260,926
Total	<u>\$ 2,321,698</u>	<u>\$ 2,596,860</u>

**The City University of New York  
School of Law Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2017 and 2016**

Permanently restricted net assets are restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Fellowships	\$ 561,767	\$ 551,767
Haywood Burns' Chair on Civil Rights	200,000	200,000
Sorensen Center Fund	<u>1,723,303</u>	<u>1,725,007</u>
Total	<u>\$ 2,485,070</u>	<u>\$ 2,476,774</u>

**Note 9 - Endowment**

The Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by applicable laws and regulations.

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 purposes 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 asset allocation that places an emphasis on fixed income investments to achieve its long-term return objectives within prudent risk parameters.

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 4.5% of the endowment assets.

Endowment net asset composition consists of \$2,102,570 and \$1,982,570 which is included in permanently restricted net assets as of June 30, 2017 and 2016, respectively.

**The City University of New York  
School of Law Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2017 and 2016**

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ 340,667	\$ 1,982,570	\$ 2,323,237
Investment gains, net	203,155		203,155
Contributions to endowments		120,000	120,000
Amounts appropriated for expenditure	<u>(63,600)</u>		<u>(63,600)</u>
Endowment net assets, June 30, 2017	<u>\$ 480,222</u>	<u>\$ 2,102,570</u>	<u>\$ 2,582,792</u>

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 441,691	\$ 1,731,845	\$ 2,173,536
Investment loss, net	(38,786)		(38,786)
Contributions to endowments		250,725	250,725
Amounts appropriated for expenditure	<u>(62,238)</u>		<u>(62,238)</u>
Endowment net assets, June 30, 2016	<u>\$ 340,667</u>	<u>\$ 1,982,570</u>	<u>\$ 2,323,237</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 NYPMIFA require the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there are no deficiencies of this nature reported in unrestricted net assets as of June 30, 2017 and 2016.



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