

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

Financial Statements

June 30, 2018 and 2017

(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 Financial Statements

We have audited the accompanying financial statements of The City University of New York School of Law Foundation, Inc. (the Foundation) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 audit. We conducted our audit 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 Foundation'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 Foundation'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, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of The City University of New York School of Law Foundation, Inc. as of June 30, 2017, were audited by other auditors whose report dated October 11, 2017, expressed an unmodified opinion on those statements.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 9, 2018

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statements of Financial Position
June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Assets:		
Cash and equivalents	\$ 2,314,701	2,097,249
Investments in CUNY Investment Pool	3,275,624	3,026,334
Contributions receivable, net	584,475	745,625
Other receivables	2,587	-
Due from related parties	18,565	34,782
Prepaid expenses	5,851	6,352
Furniture, fixtures and equipment, net	<u>13,474</u>	<u>24,558</u>
Total assets	<u>\$ 6,215,277</u>	<u>5,934,900</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	62,678	185,799
Deferred revenue	75,518	148,486
Due to related party	<u>9,601</u>	<u>9,220</u>
Total liabilities	<u>147,797</u>	<u>343,505</u>
Net assets:		
Unrestricted	913,863	619,946
Temporarily restricted	2,545,619	2,375,451
Permanently restricted	<u>2,607,998</u>	<u>2,595,998</u>
Total net assets	<u>6,067,480</u>	<u>5,591,395</u>
Total liabilities and net assets	<u>\$ 6,215,277</u>	<u>5,934,900</u>

See accompanying notes to financial statements.

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

Statements of Activities

Years ended June 30, 2018 and 2017

	2018			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue, gains and other support:				
Contributions and grants	\$ 220,584	1,325,075	12,000	1,557,659
Contributed services	613,305	-	-	613,305
Contributed facilities	134,842	-	-	134,842
Net investment income	786	194,789	-	195,575
Other income	248,896	-	-	248,896
Net assets released from restrictions	<u>1,349,696</u>	<u>(1,349,696)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>2,568,109</u>	<u>170,168</u>	<u>12,000</u>	<u>2,750,277</u>
Expenses:				
Program services:				
Fellowships and education	301,218	-	-	301,218
Court Square Law Project Centers, projects and programs	<u>749,653</u>	<u>-</u>	<u>-</u>	<u>749,653</u>
Total program services	<u>1,564,505</u>	<u>-</u>	<u>-</u>	<u>1,564,505</u>
Supporting services:				
Fundraising	263,911	-	-	263,911
Management and general	<u>445,776</u>	<u>-</u>	<u>-</u>	<u>445,776</u>
Total supporting services	<u>709,687</u>	<u>-</u>	<u>-</u>	<u>709,687</u>
Total expenses	<u>2,274,192</u>	<u>-</u>	<u>-</u>	<u>2,274,192</u>
Increase in net assets	293,917	170,168	12,000	476,085
Net assets at beginning of year	<u>619,946</u>	<u>2,375,451</u>	<u>2,595,998</u>	<u>5,591,395</u>
Net assets at end of year	<u>\$ 913,863</u>	<u>2,545,619</u>	<u>2,607,998</u>	<u>6,067,480</u>

(Continued)

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statements of Activities, Continued

	2017			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
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
Net investment income	440	281,345	-	281,785
Other income	46,381	-	-	46,381
Net assets released from restrictions	<u>1,463,896</u>	<u>(1,463,896)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>2,455,141</u>	<u>(275,162)</u>	<u>8,296</u>	<u>2,188,275</u>
Expenses:				
Program services:				
Fellowships and education	213,079	-	-	213,079
Court Square Law Project	915,418	-	-	915,418
Centers, projects and programs	<u>419,902</u>	<u>-</u>	<u>-</u>	<u>419,902</u>
Total program services	<u>1,548,399</u>	<u>-</u>	<u>-</u>	<u>1,548,399</u>
Supporting services:				
Fundraising	354,324	-	-	354,324
Management and general	<u>310,673</u>	<u>-</u>	<u>-</u>	<u>310,673</u>
Total supporting services	<u>664,997</u>	<u>-</u>	<u>-</u>	<u>664,997</u>
Total expenses	<u>2,213,396</u>	<u>-</u>	<u>-</u>	<u>2,213,396</u>
Increase (decrease) in net assets	241,745	(275,162)	8,296	(25,121)
Reclassification	(164,681)	53,753	110,928	-
Net assets at beginning of year	<u>542,882</u>	<u>2,596,860</u>	<u>2,476,774</u>	<u>5,616,516</u>
Net assets at end of year	<u>\$ 619,946</u>	<u>2,375,451</u>	<u>2,595,998</u>	<u>5,591,395</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses
Years ended June 30, 2018 and 2017

	2018											
	Program Services							Supporting Services				
	Fellowships and <u>education</u>	Court Square Law <u>Project</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	\$ 301,218	-	-	-	-	-	-	301,218	-	-	-	301,218
Program expenses	-	2,493	97,516	17,209	120,349	72,774	5,250	315,591	-	-	-	315,591
Salaries	-	509,119	-	90,629	-	2,901	26,246	628,895	-	-	-	628,895
Fringe benefits and payroll taxes	-	113,129	-	50,160	-	1,438	16,924	181,651	-	-	-	181,651
Reunion and alumni events	-	-	-	-	-	-	12,238	12,238	-	-	-	12,238
Insurance	-	7,092	-	-	-	-	-	7,092	-	4,450	4,450	11,542
Professional fees	-	-	-	-	-	-	-	-	-	35,358	35,358	35,358
Bank charges	-	-	-	-	-	-	-	-	3,182	-	3,182	3,182
Staff development and relations	-	-	-	-	-	-	-	-	25,286	-	25,286	25,286
Contributed facilities	-	117,820	-	-	-	-	-	117,820	5,096	11,926	17,022	134,842
Contributed services	-	-	-	-	-	-	-	-	230,347	382,958	613,305	613,305
Depreciation	-	-	-	-	-	-	-	-	-	11,084	11,084	11,084
Total expenses	<u>\$ 301,218</u>	<u>749,653</u>	<u>97,516</u>	<u>157,998</u>	<u>120,349</u>	<u>77,113</u>	<u>60,658</u>	<u>1,564,505</u>	<u>263,911</u>	<u>445,776</u>	<u>709,687</u>	<u>2,274,192</u>

(Continued)

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.
Statements of Functional Expenses, Continued

2017

	Program Services							Supporting Services				
	Fellowships and education	Court Square Law Project	Sorensen Center	CLEAR	CED	GLPP	All other	Total program services	Fundraising	Management and general	Total supporting services	Total
Fellowships	\$ 213,079	-	-	-	-	-	-	213,079	-	-	-	213,079
Program expenses	-	338,450	32,008	13,795	84,137	65,707	25,579	559,676	-	-	-	559,676
Salaries	-	315,243	-	81,159	-	35,201	-	431,603	-	-	-	431,603
Fringe benefits and payroll taxes	-	143,744	-	40,894	-	17,940	-	202,578	-	-	-	202,578
Student activities	-	-	-	-	-	-	16,568	16,568	-	-	-	16,568
Faculty development	-	-	-	-	-	-	175	175	-	-	-	175
Reunion and alumni events	-	-	-	-	-	-	6,680	6,680	-	-	-	6,680
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	-	109,828	-	-	-	-	-	109,828	11,050	11,012	22,062	131,890
Contributed services	-	-	-	-	-	-	-	-	338,695	231,223	569,918	569,918
Bad debt expense	-	-	-	-	-	-	-	-	-	4,356	4,356	4,356
Depreciation	-	-	-	-	-	-	-	-	-	6,573	6,573	6,573
Total expenses	\$ 213,079	915,418	32,008	135,848	84,137	118,907	49,002	1,548,399	354,324	310,673	664,997	2,213,396

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 476,085	(25,121)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Additions to permanently restricted net assets	(12,000)	(8,296)
Depreciation	11,084	6,573
Net realized and unrealized gain on investments	(181,527)	(276,146)
Bad debt expense	-	4,356
Changes in:		
Contributions receivable	16,150	26,063
Others receivables	(2,587)	150,500
Due from related party	16,217	(34,782)
Prepaid expenses	501	714
Accounts payable and accrued expenses	(123,121)	142,256
Deferred revenue	(72,968)	125,386
Due to related party	381	(15,780)
Net cash provided by operating activities	<u>128,215</u>	<u>95,723</u>
Cash flows from investing activities:		
Purchase of investments	(170,260)	(586,844)
Proceeds from sale of investments	102,497	91,087
Net cash used in investing activities	<u>(67,763)</u>	<u>(495,757)</u>
Cash flows from financing activities - private gifts for permanently restricted endowments	<u>157,000</u>	<u>120,000</u>
Net increase (decrease) in cash and equivalents	217,452	(280,034)
Cash and equivalents at beginning of year	<u>2,097,249</u>	<u>2,377,283</u>
Cash and equivalents at end of year	<u>\$ 2,314,701</u>	<u>2,097,249</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2018 and 2017

(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 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.

(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 is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - The part of net assets that is neither permanently nor temporarily restricted by externally imposed stipulations.

Temporarily restricted net assets - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by externally imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities.

Permanently restricted net assets - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by externally imposed stipulations that neither expire by passage of time or can be fulfilled or otherwise removed by actions of the Foundation Board of Directors. 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. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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, 2018 and 2017, 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.

At June 30, 2018, contributions receivable from one donor amounted to \$200,000, which represents 34% of contributions receivable. At June 30, 2017, contributions receivable from one donor amounted to \$300,000, which represents 40% 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, 2018 and 2017, the Foundation recorded an allowance for doubtful accounts of \$6,060.

(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 unrestricted net assets, unless their use is temporarily or permanently 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.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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 (7% in 2018 and 2017) 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.

(j) 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.

(k) Contributed Services and Facilities

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 \$613,305 and \$134,842, respectively, during the year ended June 30, 2018, and \$569,918 and \$131,890, respectively, during the year ended June 30, 2017, are reflected in the accompanying statements of activities as both revenue and expenses.

(l) Functional Expenses

The costs of providing the programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(m) 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

(n) 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.

(o) Reclassifications

Reclassifications have been made to certain 2017 balances in order to conform them to the 2018 presentation.

(3) Contributions Receivable

Contributions receivable, net consists of the following:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 304,180	484,635
Thereafter	<u>1,000,000</u>	<u>1,000,000</u>
	1,304,180	1,484,635
Less:		
Discount to net present value	(713,645)	(732,950)
Allowance for uncollectible pledges	<u>(6,060)</u>	<u>(6,060)</u>
Net contributions receivable	\$ <u>584,475</u>	<u>745,625</u>

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

The Foundation's investments in the Investment Pool comprise assets which 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. Investments as of June 30, 2018 and 2017, comprised of the following:

	<u>2018</u>	<u>2017</u>
Investments in CUNY Investment Pool	\$ <u>3,275,624</u>	<u>3,026,334</u>

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

Notes to Financial Statements, Continued

(4) Investments in CUNY Investment Pool and Related Investment Income, Continued

The following table summarizes the activity for financial instruments in 2018 and 2017:

Balance at July 1, 2016	\$ 2,254,431
Interest and dividends	5,199
Realized gain	27,443
Unrealized gain	248,703
Purchases, net	<u>490,558</u>
Balance at June 30, 2017	3,026,334
Interest and dividends	13,262
Realized gain	45,442
Unrealized gain	136,085
Purchases, net	<u>54,501</u>
Balance at June 30, 2018	\$ <u>3,275,624</u>

Net investment income is summarized as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 13,262	5,199
Net realized gains	45,442	27,443
Net unrealized gains	<u>136,085</u>	<u>248,703</u>
Total net investment income	\$ <u>194,789</u>	<u>281,345</u>

(5) Furniture, Fixtures and Equipment

Furnitures, fixtures and equipment consist of the following:

	<u>Estimated useful lives</u>	<u>2018</u>	<u>2017</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>(172,043)</u>	<u>(160,959)</u>
Total		\$ <u>13,474</u>	<u>24,558</u>

(6) Deferred Revenue

The Foundation defers recognition of revenue received in advance from Court Square Law Project clients. Deferred revenue at June 30, 2018 and 2017 amounted to \$75,518 and \$148,486, respectively.

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

Notes to Financial Statements, Continued

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Fellowship/scholarships	\$ 639,099	601,355
Haywood Burns' Chair on Civil Rights	327,409	316,807
David Fields Fund	286,355	267,050
Sorensen Center Fund	286,584	234,501
Court Square Law Project	334,373	467,114
Creating Law Enforcement Accountability and Responsibility	325,056	177,160
Gender Law and Policy	107,354	91,297
Other	<u>239,389</u>	<u>220,167</u>
Total	\$ <u>2,545,619</u>	<u>2,375,451</u>

(8) Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Fellowship	\$ 498,767	486,767
Haywood Burns' Chair on Civil Rights	200,000	200,000
International Women Human Rights Law Clinic	150,000	150,000
Lecture Series	75,000	75,000
Sorensen Center Fund	<u>1,684,231</u>	<u>1,684,231</u>
Total	\$ <u>2,607,998</u>	<u>2,595,998</u>

(9) Endowment

The Foundation classifies as permanently restricted net assets: (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 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 CITY UNIVERSITY OF NEW YORK
SCHOOL OF LAW FOUNDATION, INC.

Notes to Financial Statements, Continued

(9) Endowment, Continued

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 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 \$2,380,498 and \$2,223,498 which is included in permanently restricted net assets as of June 30, 2018 and 2017, respectively.

Changes in endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ 340,667	1,992,570	2,333,237
Reclassification	10,073	110,928	121,001
Investment gains, net	260,133	-	260,133
Contributions to endowments	-	120,000	120,000
Amounts appropriated for expenditure	<u>(86,036)</u>	<u>-</u>	<u>(86,036)</u>
Endowment net assets, June 30, 2017	524,837	2,223,498	2,748,335
Investment gains, net	176,880	-	176,880
Contributions to endowments	-	157,000	157,000
Amounts appropriated for expenditure	<u>(90,143)</u>	<u>-</u>	<u>(90,143)</u>
Endowment net assets, June 30, 2018	\$ <u>611,574</u>	<u>2,380,498</u>	<u>2,992,072</u>

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

Notes to Financial Statements, Continued

(9) Endowment, Continued

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, 2018 and 2017.