

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Financial Statements and  
Supplemental Information

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
College of Staten Island Foundation, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of College of Staten Island Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 College of Staten Island Foundation, Inc. as of June 30, 2021 and 2020, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
September 2, 2021

COLLEGE OF STATEN ISLAND FOUNDATION, INC.  
 Statements of Financial Position  
 June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Assets:		
Cash and equivalents	\$ 2,172,314	1,480,827
Investments	19,804,158	16,111,869
Contributions receivable, net	112,846	42,454
Prepaid expenses	17,248	3,968
Due from affiliates	-	500
Other assets	<u>140,649</u>	<u>72,406</u>
Total assets	<u>\$ 22,247,215</u>	<u>17,712,024</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	219,987	151,400
Annuity payable	20,804	22,251
Deferred revenue	267,471	135,137
Due to affiliates	<u>-</u>	<u>4</u>
Total liabilities	<u>508,262</u>	<u>308,792</u>
Net assets:		
Without donor restrictions	1,649,293	783,550
With donor restrictions	<u>20,089,660</u>	<u>16,619,682</u>
Total net assets	<u>21,738,953</u>	<u>17,403,232</u>
Total liabilities and net assets	<u>\$ 22,247,215</u>	<u>17,712,024</u>

See accompanying notes to financial statements.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.  
Statement of Activities  
Year ended June 30, 2021  
with comparative totals for 2020

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
<b>Revenue:</b>				
Contributions	\$ 91,943	1,035,353	1,127,296	1,397,379
Special events	48,000	24,193	72,193	148,900
Donated services - personnel	171,921	-	171,921	175,117
Donated goods	6,804	-	6,804	6,571
Management fee income	307,003	-	307,003	346,019
Investment income	681,238	3,705,126	4,386,364	814,243
Net assets released from restriction	<u>1,294,694</u>	<u>(1,294,694)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,601,603</u>	<u>3,469,978</u>	<u>6,071,581</u>	<u>2,888,229</u>
<b>Expenses:</b>				
Program services	1,113,202	-	1,113,202	1,220,523
Management and general	557,157	-	557,157	599,543
Fundraising	37,861	-	37,861	44,184
Special events	<u>27,640</u>	<u>-</u>	<u>27,640</u>	<u>49,096</u>
Total expenses	<u>1,735,860</u>	<u>-</u>	<u>1,735,860</u>	<u>1,913,346</u>
Change in net assets	865,743	3,469,978	4,335,721	974,883
Net assets at beginning of year	<u>783,550</u>	<u>16,619,682</u>	<u>17,403,232</u>	<u>16,428,349</u>
Net assets at end of year	<u>\$ 1,649,293</u>	<u>20,089,660</u>	<u>21,738,953</u>	<u>17,403,232</u>

(Continued)

See accompanying notes to financial statements.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.  
Statement of Activities  
Year ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 50,439	1,346,940	1,397,379
Special events	129,295	19,605	148,900
Donated services - personnel	175,117	-	175,117
Donated goods	6,571	-	6,571
Management fee income	346,019	-	346,019
Investment income	58,898	755,345	814,243
Net assets released from restrictions	<u>1,350,242</u>	<u>(1,350,242)</u>	<u>-</u>
Total revenue	<u>2,116,581</u>	<u>771,648</u>	<u>2,888,229</u>
Expenses:			
Program services	1,220,523	-	1,220,523
Management and general	599,543	-	599,543
Fundraising	44,184	-	44,184
Special events	<u>49,096</u>	<u>-</u>	<u>49,096</u>
Total expenses	<u>1,913,346</u>	<u>-</u>	<u>1,913,346</u>
Change in net assets	203,235	771,648	974,883
Net assets at beginning of year	<u>580,315</u>	<u>15,848,034</u>	<u>16,428,349</u>
Net assets at end of year	<u>\$ 783,550</u>	<u>16,619,682</u>	<u>17,403,232</u>

See accompanying notes to financial statements.

COLLEGE OF STATEN ISLAND FOUNDATION, INC  
Statement of Functional Expenses  
Year ended June 30, 2021  
with comparative totals for 2020

	Program services	Management and general	Fundraising	Special events	Total	
					2021	2020
Administration expense	\$ 34,983	278,867	-	-	313,850	353,180
Athletics - uniforms, training and tournaments	-	-	-	-	-	26,224
Bad debt	-	-	-	-	-	600
Bank fees	1,542	4,764	-	-	6,306	6,483
Catering/facility fees/entertainment	13,557	-	-	24,335	37,892	89,034
College support	42,763	-	-	-	42,763	169,089
Donated services	19,468	117,133	35,320	-	171,921	175,117
Dues, subscriptions and memberships	67,048	392	-	-	67,440	3,725
Equipment - computer and software maintenance	5,024	6,804	-	-	11,828	11,235
Equipment - other	250	-	-	-	250	4,670
Honorariums, lecture fees and stipends	6,300	-	-	-	6,300	5,688
Insurance	-	1,903	-	-	1,903	1,903
Marketing	4,966	-	1,248	470	6,684	26,130
Nonoperating expense	-	-	-	-	-	11,000
Performance	-	-	-	-	-	5,275
Printing and postage	1,506	1,240	1,193	-	3,939	5,663
Professional fees	94,455	24,168	100	2,835	121,558	124,794
Program expense	48,988	149	-	-	49,137	43,745
Salaries and related expenses	155,098	119,128	-	-	274,226	279,419
Scholarships and awards	509,686	-	-	-	509,686	373,951
Student financial assistance	82,340	-	-	-	82,340	172,771
Travel, meetings and conferences	10,815	736	-	-	11,551	16,994
Miscellaneous	14,413	1,873	-	-	16,286	6,656
Total	<u>\$ 1,113,202</u>	<u>557,157</u>	<u>37,861</u>	<u>27,640</u>	<u>1,735,860</u>	<u>1,913,346</u>

(Continued)

See accompanying notes to financial statements.



COLLEGE OF STATEN ISLAND FOUNDATION, INC  
Statement of Functional Expenses  
Year ended June 30, 2020

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Special events</u>	<u>Total</u>
Administration expense	\$ 50,112	303,068	-	-	353,180
Athletics - uniforms, training and tournaments	26,224	-	-	-	26,224
Bad debt	-	-	600	-	600
Bank fees	662	5,821	-	-	6,483
Catering/facility fees/entertainment	51,081	210	-	37,743	89,034
College support	163,712	-	5,377	-	169,089
Donated services	19,468	120,328	35,321	-	175,117
Dues, subscriptions and memberships	3,468	257	-	-	3,725
Equipment - computer and software maintenance	1,164	10,071	-	-	11,235
Equipment - other	4,670	-	-	-	4,670
Honorariums, lecture fees and stipends	5,688	-	-	-	5,688
Insurance	-	1,903	-	-	1,903
Marketing	22,993	95	1,587	1,455	26,130
Nonoperating expense	11,000	-	-	-	11,000
Performance	5,050	-	-	225	5,275
Printing and postage	1,303	1,344	1,299	1,717	5,663
Professional fees	83,218	39,001	-	2,575	124,794
Program expense	38,734	457	-	4,554	43,745
Salaries and related expenses	163,326	116,093	-	-	279,419
Scholarships and awards	373,951	-	-	-	373,951
Student financial assistance	172,771	-	-	-	172,771
Travel, meetings and conferences	16,994	-	-	-	16,994
Miscellaneous	4,934	895	-	827	6,656
	<u>\$ 1,220,523</u>	<u>599,543</u>	<u>44,184</u>	<u>49,096</u>	<u>1,913,346</u>

See accompanying notes to financial statements.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,335,721	974,883
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for long-term purposes	(185,790)	(7,618,374)
Change in value of split-interest agreement	1,853	2,330
Bad debt expense	-	600
Net realized and unrealized gains on investments	(4,226,337)	(610,577)
Changes in:		
Contributions receivable	(70,392)	7,549,774
Prepaid expenses	(13,280)	788
Due from affiliates	500	1,313
Other assets	(68,243)	(64,695)
Accounts payable and accrued expenses	68,587	73,292
Deferred revenue	132,334	(79,151)
Due to affiliates	(4)	(5,757)
Net cash provided by (used in) operating activities	<u>(25,051)</u>	<u>224,426</u>
Cash flows from investing activities - net purchases of investments	<u>534,048</u>	<u>(7,316,015)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	185,790	7,618,374
Payments to annuitant	<u>(3,300)</u>	<u>(3,300)</u>
Net cash provided by financing activities	<u>182,490</u>	<u>7,615,074</u>
Net change in cash and equivalents	691,487	523,485
Cash and equivalents at beginning of the year	<u>1,480,827</u>	<u>957,342</u>
Cash and equivalents at end of year	<u>\$ 2,172,314</u>	<u>1,480,827</u>

See accompanying notes to financial statements.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements

June 30, 2021 and 2020

(1) Nature of Organization

The College of Staten Island Foundation, Inc. (the Foundation), a 501(c)(3) not for profit organization, was incorporated in the State of New York in 1978. The Foundation's purpose is to assist the College of Staten Island (the College) by developing an ongoing and increasing base of support from alumni and friends of the College. Contributions received by the Foundation are used to award scholarships to students of the College and administer various educational and research programs.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been 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

Cash and equivalents include all highly liquid debt instruments with original maturities when acquired of three months or less. At times, the Foundation's cash and equivalents may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality financial institutions.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) 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. The Foundation invests in various investments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, and that such changes could materially affect the Foundation's financial position.

(f) Fair Value Measurements 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 level 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.

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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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 at June 30, 2021 and 2020.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Fair Value Measurements and Disclosures, Continued

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and fixed income - valued at the net asset value (NAV) of shares held at year end.

Equities and preferred stock - valued at the closing price reported on the active market on which the individual securities are traded.

State of Israel bond - State of Israel bond is stated at cost.

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.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstance that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(g) Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period which the gift is made. Promises to give are recorded at their estimated net realizable value discounted to present value. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. 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.

Revenue collected prior to year-end, relating to future events of the subsequent year, are recorded as deferred revenue.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) 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 debt when they are deemed to be uncollectible based upon a periodic review of the accounts by management. There was no allowance at June 30, 2021 and 2020.

(i) Management Fee Income

The Foundation charges the endowment funds a management fee on balances at year-end, for all the project funds it administers unless the project fund is contractually exempt from this fee. The Foundation calculates the annual management fee as 2.5% of project funds greater than or equal to \$25,000 and 1% of project funds less than \$25,000 and an initial administrative fee of 1.5% on new gifts greater than or equal to \$25,000, unless otherwise stated in a specific gift agreement. If the project fund balance is less than its original restricted donation, no fee is charged.

Contributions to time or purpose restricted funds are assessed a 5% management fee, unless the fund is contractually exempt from this fee.

(j) Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities 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 programs and supporting services benefited. Salaries, related expenses and donated services are allocated based on an estimated amount of time individuals spend in each function. Software maintenance, printing and postage are allocated based on the estimated usage in each function.

(k) 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.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(l) 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.

(m) 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 of the COVID-19 on a national, regional and local level are unknown, but has 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.

(3) Liquidity

The Foundation has approximately \$1,684,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,658,000 of cash and \$26,000 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2021 statement of financial position.

(4) Investments

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets reported at fair value as of June 30, 2021 and 2020:

	<u>2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 1,748,144	-	1,748,144
Equities	12,031,654	-	12,031,654
Mutual funds	3,436,670	-	3,436,670
Fixed income	4,309,834	-	4,309,834
State of Israel bond	-	25,000	25,000
Preferred stock	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	21,527,302	25,000	21,552,302
Less money funds (reported as cash and equivalents)	<u>(1,748,144)</u>	<u>-</u>	<u>(1,748,144)</u>
	<u>\$ 19,779,158</u>	<u>25,000</u>	<u>19,804,158</u>

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(4) Investments, Continued

	<u>2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 1,056,521	-	1,056,521
Equities	9,179,761	-	9,179,761
Mutual funds	2,725,297	-	2,725,297
Fixed income	4,180,811	-	4,180,811
State of Israel bond	-	25,000	25,000
Preferred stock	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	17,143,390	25,000	17,168,390
Less money funds (reported as cash and equivalents)	<u>(1,056,521)</u>	<u>-</u>	<u>(1,056,521)</u>
	<u>\$ 16,086,869</u>	<u>25,000</u>	<u>16,111,869</u>

Prior to the origination of the College of Staten Island Foundation, Inc. contributions were made to the College of Staten Island. Upon the creation of the Foundation, the assets were not transferred to the Foundation and have since been held in the CUNY Central Pooled Investment account. As of June 30, 2021 and 2020, the ending market value for the investments held by CUNY is \$2,504,372 and \$2,203,178, respectively. Investment income generated from these funds amounted to \$389,845 and \$91,978. Withdrawals from the investment account are distributed to the students for scholarships. For the years ended June 30, 2021 and 2020, withdrawals amounted to \$88,651 and \$64,135, respectively. These balances are not included in the financial statements and are disclosed solely for informational purposes.

Investments at June 30, 2021 and 2020 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation is included in investment income in the statements of activities. A summary of investment income for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 340,675	329,451
Realized gain on sale of investments	1,186,712	339,319
Unrealized appreciation in fair value of investments	3,039,625	271,258
Change in value of split interest agreement	(1,852)	(2,330)
Investment expenses	<u>(178,796)</u>	<u>(123,455)</u>
Investment income	<u>\$ 4,386,364</u>	<u>814,243</u>



COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(5) Contributions Receivable

Contributions receivable have been discounted over the payment period using a discount rate of 4%. Contributions receivable at June 30, 2021 and 2020 were estimated to be due as follows:

	<u>2021</u>	<u>2020</u>
Amounts due within one year	\$ 105,766	28,448
Amounts due in one to five years	<u>9,000</u>	<u>16,000</u>
	114,766	44,448
Less discount to net present value and allowance for doubtful accounts	<u>(1,920)</u>	<u>(1,994)</u>
Total	\$ <u>112,846</u>	<u>42,454</u>

At June 30, 2021 and 2020, the Foundation had \$105,766 and \$28,448, respectively, of contributions receivable with and without donor restrictions, which will be received within one year.

The Foundation received pledges with donor restrictions that have balances of \$22,690 and \$28,366 as of June 30, 2021 and 2020, respectively. The receivable as of June 30, 2021 was \$23,110 plus an adjustment to record the discount to net present value of \$420 as of June 30, 2021. The receivable was discounted at 4%. This receivable of \$23,110 of which \$9,000 is to be paid by December 31, 2021, \$7,000 is to be paid by December 31, 2022, \$2,000 is to be paid by December 31, 2023, unless the donors are unable to make the respective payments. In addition, as of June 30, 2021 a balance of \$5,110 is past due.

The Foundation received a pledge with donor restrictions in the amount of \$37,500 during the year ended June 30, 2021 which is to be paid in one installment. The receivable as of June 30, 2021 was \$39,000 plus an adjustment to record the discount to net present value of \$1,500 as of June 30, 2021. The receivable was discounted at 4%. This receivable of \$39,000 is to be paid by June 30, 2022.

The Foundation received a pledge with donor restrictions in the amount of \$51,851 during the year ended June 30, 2021 which is to be paid in one installment. The balance of this receivable was \$51,851 as of June 30, 2021.

The Foundation received a pledge with donor restrictions in the amount of \$5,000 during the year ended June 30, 2020 which was paid in full and received by the Foundation in one installment in July of the year ended June 30, 2021.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Donated Services and Goods

Accounting and administrative personnel employed by the College contributed significant amounts of their time to the Foundation. Their services, which are necessary for the Foundation to carry out its administrative activities, have been valued by the Foundation at \$171,921 and \$175,117 for the years ended June 30, 2021 and 2020, respectively.

In-kind contributions of goods (software maintenance) for the years ended June 30, 2021 and 2020 amounted to \$6,804 and \$6,571, respectively.

(7) Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Foundation, has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation, classifies as net assets with donor restrictions: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) 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, and (4) the portion of investment return added to the permanent endowment for certain funds to maintain its purchasing power. In accordance with NYPMIFA, the Foundation, considers the following factors in making a determination to appropriate or accumulate donor restriction endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the organization and the donor-restricted endowment fund.
- (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) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization.
- (8) The investment policies of the Foundation.

## COLLEGE OF STATEN ISLAND FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### (7) Endowment Funds, Continued

##### Return Objectives and Risk Parameters

The Foundation has an investment policy specific to endowment funds, which is monitored by the Finance and Investment Committee of the Board of Directors. The investment policy describes the objectives for the funds and sets ranges for asset allocation. The investment objective of the Foundation is a balanced return, which focuses on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income, and where appropriate, other asset classes. At a minimum, long term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment fund assets, to provide necessary capital to fund the spending policy, and to cover the costs of managing the endowment fund investment. Under this policy, the primary return objective is to exceed the spending rate net of expenses, over a full business cycle. It is also desired that the portfolio produce a target rate of return, net of expenses in excess of the market as represented by a benchmark or mix of indices reflective of the Foundation's return objective and risk tolerance.

##### Strategies Employed for Achieving Objectives

The Foundation's Board of Directors and Finance and Investment Committee, consistent with their investment philosophy, investment objectives and risk profile, and requirement for a reasonably predictable total return on assets have established broad categories of asset allocation so as to provide the maximum possible freedom to managers when required to alter the composition of the investment portfolio in response to changing market conditions. The four segments of the investment portfolio are and may vary within the below mentioned ranges:

Equity Securities - Previously, this portion of the portfolio, which may be invested in individual equity securities or mutual funds of equities, may range from 50% to 75% of the entire portfolio. As of April 2021, the Foundation enacted a new policy of being invested in individual equity securities or mutual funds of equities, ranging from 44% to 74%.

Fixed Income Securities - Previously, the portion of the portfolio, which may be invested through the use of individual debt securities, or mutual funds of debt securities may range from 25% to 50% of the portfolio. As of April 2021, the Foundation enacted a new policy which may be invested through the use of individual debt securities, or mutual funds of debt securities that may range from 27% to 51% of the portfolio.

Cash or Short-Term Securities - From time to time, it may be necessary to invest funds on a temporary basis into short-term money market securities, which historically have produced the lowest return of available investment options. These funds must be invested in high quality, short-term, highly liquid, institutional grade, money market instruments, including money market mutual funds. Consistent with this goal the portion of the portfolio which may be invested in such assets may range from 0% to 100% of the portfolio. Effective April 2021, the range is from 0% to 10% of the portfolio.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(7) Endowment Funds, Continued

Strategies Employed for Achieving Objectives, Continued

Alternative Strategies - Effective April 2021, the Foundation may invest in alternative investments, such as commodities and real estate, however, only after receiving full Board approval of a request from the investment advisor. The maximum allocation is 10% of the portfolio.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Finance and Investment Committee reviews the investment performance annually prior to fiscal year end to determine a rate of payout from the various permanently restricted funds for the fall and spring semesters of the following fiscal year. In establishing this policy, the Foundation considered the long-term expected return on its endowment funds. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow through new gifts and investment return at a rate sufficient to achieve the objectives of the endowment funds while maintaining the purchasing power of the endowment assets held in perpetuity.

The following represents endowment net asset composition as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
College activities	\$ 8,518,875	8,630,769
Scholarships and awards	<u>4,765,823</u>	<u>4,377,207</u>
	<u>\$ 13,284,698</u>	<u>13,007,976</u>

All endowment funds were permanently restricted as of June 30, 2021 and 2020.

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 relevant law requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting policies generally accepted in the United States of America, deficiencies of this nature are reported in permanently restricted net assets. These deficiencies result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. For the years ended June 30, 2021 and 2020, there were no such deficiencies.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(7) Endowment Funds, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy, Continued

The following represents the changes in endowment balances by net asset class for the years ended June 30, 2021 and 2020:

	<u>Time restrictions</u>	<u>Endowment restrictions</u>	<u>Total</u>
Endowment net assets at July 1, 2019	\$ 1,413,445	12,839,214	14,252,659
Investment return:			
Investment income	277,266	7,021	284,287
Net realized gains	274,282	6,945	281,227
Net unrealized gains	<u>187,365</u>	<u>4,745</u>	<u>192,110</u>
Total investment return	738,913	18,711	757,624
Contributions	10,062	118,374	128,436
Appropriation of endowment assets for expenditure	(507,812)	-	(507,812)
Transfers	<u>(400)</u>	<u>31,677</u>	<u>31,277</u>
Endowment net assets at June 30, 2020	1,654,208	13,007,976	14,662,184
Investment return:			
Investment income	274,430	13,566	287,996
Net realized gains	955,110	47,216	1,002,326
Net unrealized gains	<u>2,445,036</u>	<u>120,870</u>	<u>2,565,906</u>
Total investment return	3,674,576	181,652	3,856,228
Contributions	30	185,790	185,820
Appropriation of endowment assets for expenditure	(617,469)	-	(617,469)
Transfers	<u>(38,351)</u>	<u>(90,720)</u>	<u>(129,071)</u>
Endowment net assets at June 30, 2021	\$ <u>4,672,994</u>	<u>13,284,698</u>	<u>17,957,692</u>

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020 are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Endowment funds:		
College activities	\$ 8,518,875	8,630,769
Scholarships and awards	<u>4,765,823</u>	<u>4,377,207</u>
	13,284,698	13,007,976
Endowment time and purpose restrictions	4,672,994	1,654,208
Scholarships and academic programs	<u>2,131,968</u>	<u>1,957,498</u>
Total	\$ <u>20,089,660</u>	<u>16,619,682</u>

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(9) Related Party Transactions

Related party transactions for the years ended June 30, 2021 and 2020 consist of the following:

For the year ended June 30, 2020, the College collected funds on behalf of the Foundation. At June 30, 2020 an amount of \$500 is due from the College.

For the year ended June 30, 2020, student food insecurity funds were distributed on behalf of the Foundation by the College of Staten Island Auxiliary Services Corporation, Inc. (Auxiliary Services). As of June 30, 2020, the Foundation had a payable to Auxiliary Services in the amount of \$4.

For the years ended June 30, 2021 and 2020, the Foundation received funds from the City University of New York Research Foundation for a reimbursable grant. At June 30, 2021 and 2020, the Foundation had a payable to the City University of New York Research Foundation of \$150,000 and \$100,000, respectively.

The Foundation received contributions without donor restrictions from Auxiliary Services of \$900 for the year ended June 30, 2020. The Foundation received contributions with donor restrictions from Auxiliary Services of \$26,940 for the year ended June 30, 2020.

The Foundation received contributions without donor restrictions from The College of Staten Island Alumni Association, Inc. (Alumni) of \$8,800 for the year ended June 30, 2020. The Foundation received contributions with donor restrictions from Alumni of \$5,000 and \$2,170 for the years ended June 30, 2021 and 2020, respectively.

The Foundation received contributions without donor restrictions from the Association of \$3,000 for the year ended June 30, 2020. The Foundation received contributions with donor restrictions from the Association of \$30,000 and \$500 for the years ended June 30, 2021 and 2020, respectively.

(10) Annuity Payable

The Foundation received an annuity gift whereby the donor has contributed cash to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer was considered to be a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the present value of the liability for future payments, determined on an actuarial basis, was recognized as a temporarily restricted contribution of the date of the gift. The annuity liability is revalued annually using published mortality rate tables adopted by the Internal Revenue Service and an assumed rate of return of 6%. The resulting actuarial gain (loss) is recorded as other unrestricted revenue.

COLLEGE OF STATEN ISLAND FOUNDATION, INC.

Notes to Financial Statements, Continued

(10) Annuity Payable, Continued

Gift annuity assets were comprised of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 138	3,463
Investments (at fair value)	<u>590</u>	<u>458</u>
	\$ <u>728</u>	<u>3,921</u>

Changes in the gift annuity liability for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 22,251	23,221
Actuarial/present value adjustment	1,853	2,330
Annuity payments	<u>(3,300)</u>	<u>(3,300)</u>
Balance at end of year	\$ <u>20,804</u>	<u>22,251</u>

(11) College Support

The Foundation was established to stimulate and strengthen community, corporate and Foundation support for higher education on Staten Island and to support the College to provide financial assistance to student programs, faculty and staff development, research, expansion of the physical plant of the College and scholarships for students. The following support was provided to the College by the Foundation.

	<u>2021</u>	<u>2020</u>
Division of Economic Development	\$ -	8,356
Division of Humanities and Social Sciences	3,005	5,262
Division of Science and Technology	-	3,514
Division of Student Affairs	203	5,912
Facilities	5,668	11,446
Finance	-	863
Institutional Advancement and External Affairs	8,950	33,722
Library Department	191	9,809
Office of Academic Affairs	12,097	26,998
Office of Information Technology Services	-	7,065
Other College support	-	5,377
President's Office	6,090	35,342
School of Business	788	12,720
School of Education	-	998
School of Health Sciences	<u>5,771</u>	<u>1,705</u>
Total College support	\$ <u>42,763</u>	<u>169,089</u>