



THE FUND FOR PUBLIC SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Fund for Public Schools, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Fund for Public Schools, Inc. (the "Fund"), which comprise the statements of financial position as of June 30, 2015 and 2014, 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

The Fund's 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, 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 auditors consider internal control relevant to the organization'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 organization'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 Fund for Public Schools, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



New York, New York
March 1, 2016

THE FUND FOR PUBLIC SCHOOLS, INC.

Statements of Financial Position

	June 30,	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 2,358,188	\$ 3,325,081
Investments	35,941,042	40,216,253
Contributions and grants receivable, net	6,643,764	10,185,009
Property and equipment, net	553	682
Prepaid expenses and other assets	<u>72,971</u>	<u>18,206</u>
	<u>\$ 45,016,518</u>	<u>\$ 53,745,231</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 152,566	\$ 208,051
Grants payable	<u>11,833,328</u>	<u>14,208,793</u>
Total liabilities	<u>11,985,894</u>	<u>14,416,844</u>
Commitments (Note J)		
Net assets:		
Unrestricted	4,603,095	4,628,020
Temporarily restricted	27,936,034	34,221,372
Permanently restricted	<u>491,495</u>	<u>478,995</u>
Total net assets	<u>33,030,624</u>	<u>39,328,387</u>
	<u>\$ 45,016,518</u>	<u>\$ 53,745,231</u>

THE FUND FOR PUBLIC SCHOOLS, INC.

Statements of Activities

	Year Ended June 30,							
	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions and grants		\$ 20,665,107	\$ 12,500	\$ 20,677,607		\$ 29,790,550	\$ 12,500	\$ 29,803,050
Administrative management fee	\$ 1,083,706			1,083,706	\$ 1,640,050			1,640,050
Donated goods and services	320,966	126,499		447,465	709,458			709,458
Investment income	271,676	230,707		502,383	1,110,586	181,143		1,291,729
Support and revenue before release from restrictions	1,676,348	21,022,313	12,500	22,711,161	3,460,094	29,971,693	12,500	33,444,287
Net assets released from restrictions	27,307,651	(27,307,651)		0	31,064,049	(31,064,049)		0
Total support and revenue	28,983,999	(6,285,338)	12,500	22,711,161	34,524,143	(1,092,356)	12,500	33,444,287
Expenses:								
Program services	25,044,501			25,044,501	31,564,052			31,564,052
Management and general	1,286,285			1,286,285	1,308,600			1,308,600
Fund-raising	318,719			318,719	692,312			692,312
Total expenses	26,649,505			26,649,505	33,564,964			33,564,964
Change in net assets before cancelled grant:	2,334,494	(6,285,338)	12,500	(3,938,344)	959,179	(1,092,356)	12,500	(120,677)
Cancelled grant	(2,359,419)			(2,359,419)				0
Change in net assets	(24,925)	(6,285,338)	12,500	(6,297,763)	959,179	(1,092,356)	12,500	(120,677)
Net assets - beginning of year (as restated; see Note A[15])	4,628,020	34,221,372	478,995	39,328,387	3,668,841	35,313,728	466,495	39,449,064
Net assets - end of year	\$ 4,603,095	\$ 27,936,034	\$ 491,495	\$ 33,030,624	\$ 4,628,020	\$ 34,221,372	\$ 478,995	\$ 39,328,387

See notes to financial statements

THE FUND FOR PUBLIC SCHOOLS, INC.

Statements of Functional Expenses

	Year Ended June 30,							
	2015				2014			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Grants	\$ 24,906,140			\$ 24,906,140	\$ 31,550,819			\$ 31,550,819
Salaries and related benefits	11,553	\$ 875,960	\$ 115,986	1,003,499	12,912	\$ 780,387	\$ 227,454	1,020,753
Donated goods and services	126,499	148,580	172,386	447,465		260,831	448,627	709,458
Professional fees		193,008	22,988	215,996		122,445	13,276	135,721
Travel and meals		3,314	5,706	9,020		477	1,449	1,926
Professional development		3,718	1,608	5,326		8,548	1,295	9,843
Insurance		13,841		13,841		13,741		13,741
Miscellaneous	309	47,864	45	48,218	321	122,171	211	122,703
Total expenses	<u>\$ 25,044,501</u>	<u>\$ 1,286,285</u>	<u>\$ 318,719</u>	<u>\$ 26,649,505</u>	<u>\$ 31,564,052</u>	<u>\$ 1,308,600</u>	<u>\$ 692,312</u>	<u>\$ 33,564,964</u>

See notes to financial statements

THE FUND FOR PUBLIC SCHOOLS, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (6,297,763)	\$ (120,677)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	959	1,949
Net realized and unrealized losses (gains) on investments	765,624	(497,949)
Donated marketable securities	9,906	(3,041)
Proceeds from sales of donated marketable securities	(9,906)	3,069
Contributions restricted for endowment	(12,500)	(12,500)
Returned grant	1,384,700	
Changes in:		
Contributions and grants receivable	2,156,545	3,786,541
Prepaid expenses and other assets	(54,765)	656
Accounts payable and other liabilities	(55,485)	13,465
Grants payable	(2,375,465)	(809,119)
Net cash (used in) provided by operating activities	<u>(4,488,150)</u>	<u>2,362,394</u>
Cash flows from investing activities:		
Proceeds from sales of investments	4,801,126	7,080
Purchases of investments	(1,291,539)	(6,815,023)
Purchase of property and equipment	(830)	
Net cash provided by (used in) investing activities	<u>3,508,757</u>	<u>(6,807,943)</u>
Cash flows from financing activities:		
Contributions restricted for endowment	<u>12,500</u>	<u>12,500</u>
Decrease in cash	(966,893)	(4,433,049)
Cash - beginning of year	<u>3,325,081</u>	<u>7,758,130</u>
Cash - end of year	\$ <u>2,358,188</u>	\$ <u>3,325,081</u>
Supplemental disclosure of cash flow information:		
Donated goods and services	<u>\$ 447,465</u>	<u>\$ 709,458</u>

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Located in New York City, The Fund for Public Schools, Inc. (the "Fund"), a not-for-profit organization, was established in New York in 1982 to facilitate the collection of private-sector grants and gifts and the disbursement of such funds as needed to finance certain educational programs of the New York City Department of Education (the "Education Department"). The Chancellor of the Education Department is the Chair of the Board of the Fund. The Fund seeks critical funding for systemwide educational reform initiatives throughout the city's public schools. The Fund provides grants and other support to the Education Department for these purposes.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

[2] Basis of accounting:

The accompanying financial statements of the Fund have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

[3] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Actual results may differ from those estimates.

[4] Investments:

The Fund's mutual funds, consisting of fixed-income and equity funds, are reported at values determined by the related investment manager or advisor and reviewed by the Fund's management for reasonableness.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from the dividends and interest are recognized when earned.

Donated securities are recorded at their fair values, as determined on the date of gift, with realized gains or losses recorded when the securities are sold. The Fund's policy, generally, is to sell donated securities immediately upon receipt. Accordingly, for purposes of the accompanying statements of cash flows, donated securities received and sold within the same year are reported in the change in net assets and shown in operating activities.

[5] Property and equipment:

Property and equipment consisting of computer equipment is recorded at the original cost at the date of acquisition or fair value at date of donation. The Fund capitalizes items of property and equipment that have a cost of \$500 or more and useful lives greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of three years.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Accrued vacation:

Accrued vacation is a liability that represents the Fund's obligation for the cost of total unused employee vacation time that would be payable in the event of employees' departures; the obligation is recalculated every year. At June 30, 2015 and 2014, this accrued vacation obligation was \$39,000 and \$34,000, respectively, and was reported as part of accounts payable and other liabilities in the accompanying statements of financial position.

[7] Grants payable:

Grants made to or on behalf of the Education Department are recognized in the accompanying financial statements at the time a commitment is signed or when an expense is incurred and are generally payable within one year. At June 30, 2015 and 2014, grants payable was \$11,833,328 and \$14,208,793, respectively.

[8] Net assets:

(i) Unrestricted:

Unrestricted net assets represent those resources available for current operations that are not subject to donor restrictions.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and are those resources for which the use has been restricted by donors for specific purposes and/or passage of time. When a donor restriction expires, that is, when a stipulated time-restriction ends, a purpose restriction is accomplished, or the funds are appropriated through an action of the Board of Directors, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as "net assets released from restrictions."

(iii) Permanently restricted:

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity 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 that donor. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the accompanying statements of activities, pending appropriation by the Board of Directors.

[9] Revenue recognition:

(i) Contributions and grants:

Contributions to the Fund are recognized as revenue upon the receipt of cash or other assets or of unconditional pledges. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulations or time considerations as to their use. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Conditional contributions are recorded when the specified conditions have been met.

Grant revenue is based on the terms of each individual grant, and is available for unrestricted use unless the donor or grantor restricts the use thereof, either on a temporary or permanent basis.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Revenue recognition: (continued)

(ii) Administrative management fee:

The Fund collects an administrative management fee of up to 7% on grants received to cover administrative overhead costs. Administrative management fees of \$1,083,706 and \$1,640,698 received during fiscal-years 2015 and 2014, respectively, have been included in the accompanying statements of activities.

[10] Donated goods and services:

Donated services are recognized in the financial statements if the services (i) require specialized skills, (ii) be provided by individuals possessing these skills, and (iii) would typically need to be purchased if not provided by donation. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support. For fiscal-years 2015 and 2014, the Fund received donated services, consisting primarily of financial and administration services from the Education Department, of approximately \$320,966 and \$709,458, respectively. During fiscal-year 2015, the Fund also received donated goods, consisting of computer tablets valued at \$126,499.

[11] Functional allocation of expenses:

The costs of providing the Fund's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services using reasonable ratios determined by management.

[12] Endowment funds:

The Fund reports all applicable disclosures for its funds designated as endowment.

[13] Income tax uncertainties:

The Fund is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Fund's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Fund's financial statements.

[14] Fair-value measurement:

The Fund reports a fair-value measurement of all applicable financial assets and liabilities, including investments, grants and contributions and other receivables, and short-term payables, which approximate fair value.

[15] Restatement:

In fiscal-year 2014, the Fund originally reported \$34,691,118 as temporarily restricted net assets based on instructions from donors. Based on upon further review by management during fiscal-year 2015, the Fund determined that \$469,746 of that amount were administrative management fees. As a result, the unrestricted net assets at June 30, 2015 has been increased by \$469,746, with an off-setting decrease in temporarily restricted net assets.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Subsequent events:

The Fund considers all accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the year-end through March 1, 2016, the date the financial statements were available to be issued.

[17] Reclassification:

Certain amounts included in the prior-year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported change in net assets.

NOTE B - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
Fixed-income securities	\$ 35,784,783	\$ 36,798,779	\$ 40,078,713	\$ 40,482,091
Equity securities	<u>156,259</u>	<u>161,451</u>	<u>137,540</u>	<u>126,680</u>
	<u>\$ 35,941,042</u>	<u>\$ 36,960,230</u>	<u>\$ 40,216,253</u>	<u>\$ 40,608,771</u>

During each fiscal year, investment income consisted of the following:

	Year Ended June 30,	
	2015	2014
Interest and dividends	\$ 1,268,007	\$ 793,780
Realized loss on investments	(138,954)	(325)
Unrealized (loss) gains on investments	<u>(626,670)</u>	<u>498,274</u>
	<u>\$ 502,383</u>	<u>\$ 1,291,729</u>

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for the same or identical assets and liabilities at the reporting date.

Level 2: Valuations are based on (i) quoted prices for those investments, or similar investments in active markets, or (ii) quoted prices for those investments, or similar investments in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE B - INVESTMENTS (CONTINUED)

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The Fund's investments are valued under Level 1 of the fair-value hierarchy at June 30, 2015 and 2014, and there were no transfers between levels during either year.

NOTE C - CONTRIBUTIONS AND GRANTS RECEIVABLE

Pledges of future contributions as of each fiscal year-end, but not yet collected as of that date, were recorded as contributions and grants receivable. Outstanding pledges are expected to be collected as follows:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Less than one year	\$ 6,200,401	\$ 9,656,351
One to three years	<u>498,163</u>	<u>594,000</u>
	6,698,564	10,250,351
Present value discount at 6%	<u>(54,800)</u>	<u>(65,342)</u>
	<u>\$ 6,643,764</u>	<u>\$ 10,185,009</u>

Based on management's past experience, all receivables in this category are expected to be fully collected. Accordingly, no allowance for doubtful amounts has been established.

NOTE D - SIGNIFICANT SOURCES OF REVENUE

The Fund received grants from two private funders totaling \$9,053,744 for fiscal-year 2015 and from four private funders totaling \$20,423,393 for fiscal-year 2014. Such grants represented approximately 41% and 65% of contributions and grants revenue in fiscal-years 2015 and 2014, respectively. Contributions and grants receivable from two private funders totaling \$3,297,391 represented approximately 49% of contributions and grants receivable at June 30, 2015. Contributions and grants receivable from three private funders totaling \$7,838,953 represented approximately 77% of contributions and grants receivable at June 30, 2014.

NOTE E - CANCELED GRANT

During fiscal-year 2014, the Fund received a \$3,000,000 grant from a private donor, payable over three years. During fiscal-year 2014, the Fund received \$1,615,300 for the grant. During fiscal-year 2015, the funder decided to pursue its objective through alternative means. Accordingly, the Fund agreed to return unspent funds of \$998,135 and wrote off the remaining receivable balance of \$1,384,700.

NOTE F - EMPLOYEE BENEFIT PLAN

The Fund has a defined-contribution pension plan, qualified under Section 403(b) of the Internal Revenue Code and contributes a matching amount equal to 5% of each eligible employee's annual compensation. The Fund's contribution for fiscal-years 2015 and 2014 were approximately \$38,000 and \$39,000, respectively.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE G - CREDIT RISK

The Fund places its cash investment with a high-credit-quality financial institution. At times, the balance in such account may exceed federally insured limits. The Fund's management believes that there is no substantial risk of loss associated with the failure of this financial institution.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Purpose restricted:		
Central	\$ 20,118,731	\$ 23,662,071
School-based	221,403	152,084
Scholarships	1,180,456	603,180
Time-restricted	<u>6,327,502</u>	<u>9,715,264</u>
	27,848,092	34,132,599
Accumulated endowment income reserved for appropriation	<u>87,942</u>	<u>88,773</u>
	<u>\$ 27,936,034</u>	<u>\$ 34,221,372</u>

During each fiscal-year end, net assets released from restrictions consisted of the following:

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Purpose restricted:		
Central	\$ 25,378,366	\$ 28,881,517
School-based	319,350	310,554
Scholarships	339,007	310,553
Time-restricted	<u>1,261,638</u>	<u>1,552,770</u>
	\$ 27,298,361	\$ 31,055,394
Accumulated endowment income appropriated	<u>9,290</u>	<u>8,655</u>
	<u>\$ 27,307,651</u>	<u>\$ 31,064,049</u>

NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowments:

The Fund's endowment funds consist of six donor-restricted funds, established to support educational services and scholarships.

[2] Interpretation of relevant law:

NYPMIFA is applicable to all of the Fund's institutional funds, including its donor-restricted endowment funds. The Board of Directors adheres to NYPMIFA's requirements.

THE FUND FOR PUBLIC SCHOOLS, INC.

**Notes to Financial Statements
June 30, 2015 and 2014**

NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[3] Changes in endowment net assets during the fiscal year:

	Year Ended June 30, 2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 88,773	\$ 478,995	\$ 567,768
Contributions		12,500	12,500
Investment income	8,459		8,459
Amounts appropriated for expenditure	<u>(9,290)</u>		<u>(9,290)</u>
Endowment net assets, end of year	<u>\$ 87,942</u>	<u>\$ 491,495</u>	<u>\$ 579,437</u>

	Year Ended June 30, 2014		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 56,095	\$ 466,495	\$ 522,590
Contributions		12,500	12,500
Investment income	41,333		41,333
Amounts appropriated for expenditure	<u>(8,655)</u>		<u>(8,655)</u>
Endowment net assets, end of year	<u>\$ 88,773</u>	<u>\$ 478,995</u>	<u>\$ 567,768</u>

[4] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. At June 30, 2015, and 2014, there were no deficiencies of this nature. Under the terms of NYPMIFA, the Fund has no responsibility to restore such decreases in value.

[5] Return objectives and risk parameters:

The Fund has adopted investment and spending policies 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 the endowment assets. Accordingly, the endowment assets are invested in a manner intended to produce a reasonable rate of return, while assuming a low level of investment risk.

[6] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Fund 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 Fund mainly targets fixed-income mutual funds to achieve its long-term return objectives within prudent risk constraints.

[7] Spending policy and relation to the investment objectives:

The Fund evaluates its funding requirements on an annual basis and, accordingly draws from its endowment appreciation on an as-needed basis. This is consistent with the Fund's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements June 30, 2015 and 2014

NOTE J - COMMITMENTS

- [1]** In the normal course of business, the Fund enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

- [2]** In fiscal-year 2012, the Fund received a \$24,260,302 conditional grant restricted to the Fund's Expanded Success Initiative ("ESI"), part of New York City's Young Men's Initiative ("YMI"). Under this agreement, certain conditions had to be met each year, ranging from the granting of \$30,000,000 in matching funds to the performance of implementation, in order for the grant to be continued with the Fund each year. The Fund has met the obligations to date, and through June 30, 2015, the Fund has received \$21,995,920 of the funds for this grant.