

**THE FUND FOR PUBLIC SCHOOLS, INC.**

**Financial Statements  
For the Years Ended June 30, 2020 and 2019  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Financial Statements  
Years Ended June 30, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Fund for Public Schools, Inc.

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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**MITCHELL TITUS**

*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, 2020 and 2019, 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.

*Mitchell Titus, LLP*

December 21, 2020

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
 Statements of Financial Position  
 As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 28,378,357	\$ 7,089,344
Investments	19,168,992	16,693,946
Contributions and grants receivable, net	19,513,007	11,970,553
Prepaid expenses and other assets	1,580	8,636
Fixed assets	-	2,270
<b>Total assets</b>	<u>\$ 67,061,936</u>	<u>\$ 35,764,749</u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Accounts payable and other liabilities	\$ 203,588	\$ 80,319
Grants payable	<u>7,504,747</u>	<u>9,166,239</u>
Total liabilities	<u>7,708,335</u>	<u>9,246,558</u>
<i>Net assets</i>		
Without donor restrictions	4,670,034	3,054,068
With donor restrictions	<u>54,683,567</u>	<u>23,464,123</u>
Total net assets	<u>59,353,601</u>	<u>26,518,191</u>
<b>Total liabilities and net assets</b>	<u>\$ 67,061,936</u>	<u>\$ 35,764,749</u>

The accompanying notes are an integral part of these financial statements.

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
 Statements of Activities  
 For the Years Ended June 30, 2020 and 2019

	<b>Year Ended June 30,</b>					
	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<i>Support and revenue</i>						
Contributions and grants	\$ -	\$ 43,196,738	\$ 43,196,738	\$ -	\$ 18,149,561	\$ 18,149,561
Administrative fees	1,951,550	-	1,951,550	836,851	-	836,851
Donated goods and services	880,670	-	880,670	1,028,389	-	1,028,389
Investment income	600,201	59,407.00	659,608	586,725	138,292	725,017
Support and revenue before release from restrictions	3,432,421	43,256,145	46,688,566	2,451,965	18,287,853	20,739,818
Net assets released from restrictions	12,036,701	(12,036,701)	-	14,221,342	(14,221,342)	-
<b>Total support and revenue</b>	<b>15,469,122</b>	<b>31,219,444</b>	<b>46,688,566</b>	<b>16,673,307</b>	<b>4,066,511</b>	<b>20,739,818</b>
<i>Expenses</i>						
Program services	12,189,162	-	12,189,162	14,308,309	-	14,308,309
Management and general	731,410	-	731,410	719,671	-	719,671
Fund-raising	932,584	-	932,584	1,076,986	-	1,076,986
<b>Total expenses</b>	<b>13,853,156</b>	<b>-</b>	<b>13,853,156</b>	<b>16,104,966</b>	<b>-</b>	<b>16,104,966</b>
Change in net assets	1,615,966	31,219,444	32,835,410	568,341	4,066,511	4,634,852
Net assets - beginning of year	3,054,068	23,464,123	26,518,191	2,485,727	19,397,612	21,883,339
<b>Net assets - end of year</b>	<b>\$ 4,670,034</b>	<b>\$ 54,683,567</b>	<b>\$ 59,353,601</b>	<b>\$ 3,054,068</b>	<b>\$ 23,464,123</b>	<b>\$ 26,518,191</b>

The accompanying notes are an integral part of these financial statements.

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2020 and 2019**

<b>Account Description</b>	<b>Year Ended June 30,</b>							
	<b>2020</b>				<b>2019</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>
Grants	\$ 12,189,162	\$ -	\$ -	\$ 12,189,162	\$ 14,308,309	\$ -	\$ -	\$ 14,308,309
Salaries and fringe benefits	-	438,270	171,825	610,095	-	244,901	247,655	492,556
Donated goods and services	-	119,668	751,610	871,278	-	210,919	817,469	1,028,388
Professional fees	-	139,705	-	139,705	-	126,925	11,463	138,388
Travel and meals	-	3,000	714	3,714	-	1,489	398	1,887
Professional development	-	9,997	7,971	17,968	-	3,499	-	3,499
Insurance	-	13,227	464	13,691	-	13,071	-	13,071
Miscellaneous	-	7,543	-	7,543	-	118,867	-	118,867
<b>Total expenses</b>	<b>\$ 12,189,162</b>	<b>\$ 731,410</b>	<b>\$ 932,584</b>	<b>\$ 13,853,156</b>	<b>\$ 14,308,309</b>	<b>\$ 719,671</b>	<b>\$ 1,076,985</b>	<b>\$ 16,104,965</b>

The accompanying notes are an integral part of these financial statements.

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
 Statements of Cash Flows  
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 32,835,410	\$ 4,634,852
<i>Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities</i>		
Depreciation	2,270	3,829
Net realized and unrealized gains on investment	(209,778)	(381,428)
Donated marketable securities	-	(25,011)
<i>Changes in</i>		
Contributions and grants receivable	(7,542,454)	(3,560,123)
Prepaid expenses and other assets	7,056	60,877
Accounts payable and other liabilities	123,269	18,281
Grants payable	(1,661,492)	1,551,515
Net cash provided by operating activities	<u>23,554,281</u>	<u>2,302,792</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	324,086	18,903,514
Purchases of investments	<u>(2,589,354)</u>	<u>(19,222,247)</u>
Net cash used in investing activities	<u>(2,265,268)</u>	<u>(318,733)</u>
Net increase in cash	21,289,013	1,984,059
Cash, beginning of year	<u>7,089,344</u>	<u>5,105,285</u>
<b>Cash, end of year</b>	<u><u>\$ 28,378,357</u></u>	<u><u>\$ 7,089,344</u></u>

The accompanying notes are an integral part of these financial statements.



## **THE FUND FOR PUBLIC SCHOOLS, INC.**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### 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 system-wide 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.

#### 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 (U.S. GAAP), as applicable to not-for-profit entities.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

#### Investments

The Fund considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents considered to be part of the Fund's investment portfolio are reported as investments in the accompanying statements of financial position. Investments in mutual funds, fixed-income securities, equity securities and dynamics assets are reported at their fair values. Realized and unrealized gains and losses are included in the accompanying statements of activities.

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.

**THE FUND FOR PUBLIC SCHOOLS, INC.**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

Investments (continued)

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 as operating activities.

Property and Equipment

The Fund's property and equipment consists of computer equipment, which is stated at their original costs or, if contributed, at their fair value at the dates of donation. Minor repair and maintenance costs are accounted for as expenses as incurred. The Fund capitalizes items of property and equipment that have a cost of \$500 or more and useful lives greater than one year. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets of three years.

Accrued Vacation

Accrued vacation is a liability in the accompanying financial statements and 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, 2020 and 2019, the accrued vacation obligation was \$25,263 and \$2,265, respectively, and was reported as part of accounts payable and other liabilities in the accompanying statements of financial position.

Grants Payable

Grants are recognized as an obligation of the Fund at the time they are approved. Grants approved but unpaid were \$7,504,747 and \$9,166,239 at June 30, 2020 and 2019, respectively. Grants are generally payable within one year of approval.

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

Net Assets

*(i) Without donor restrictions*

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations.

*(ii) With donor restrictions*

Net assets with donor restrictions represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) and the use for which has been restricted by donors or state law to 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as “net assets released from donor restrictions.”

Resources with principal which is originally restricted in perpetuity by donors also represent net assets with donor restrictions. 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 with donor restrictions in the accompanying statements of activities, pending appropriation by the Board of Directors.

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 with donor restrictions if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and if received in advance, are recognized in the statements of financial position as funds received in advance.

Contributions to be received over periods longer than one year are recorded at their fair value using a present value technique and discounted at an interest rate commensurate with the risk involved.

Grant revenue is based on the terms of each individual grant and is considered available for use unless the donor or granter restricts the use thereof.

## THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition (continued)

##### (ii) *Administrative management fees*

The Fund collects an administrative management fee of up to 8% on grants received to cover administrative overhead costs. Administrative management fees of \$1,951,550 and \$836,851 received during fiscal years 2020 and 2019, respectively, have been included in the accompanying statements of activities.

#### Donated Goods and Services

For recognition of donated goods and services in the Fund's financial statements, such goods and services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as without donor restrictions support unless the donor has restricted the donated asset for a specific purpose. Donated goods and services are both reported as contributions and offsetting expenses in the accompanying statements of activities.

During fiscal years 2020 and 2019, the Fund received donated services, primarily consisting of financial and administration services, from the Education Department and two law firms of approximately \$881,000 and \$1,028,000, respectively.

#### 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 supporting service areas on the basis of estimated personnel time and effort.

#### Income Tax

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

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

Income Tax *(continued)*

The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years ended prior to June 30, 2016.

**NOTE 2 INVESTMENTS**

At each fiscal year end, investments at fair value consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,513	\$ 706
Mutual funds	17,122,111	15,957,434
Fixed-income securities	198,451	-
Equity securities	952,173	381,887
Dynamic assets	886,744	353,919
	<u>\$ 19,168,992</u>	<u>\$ 16,693,946</u>

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

	<u>Year Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 449,830	\$ 343,589
Realized gains (losses) on investments	(8,952)	29,162
Unrealized gains on investments	218,730	352,266
	<u>\$ 659,608</u>	<u>\$ 725,017</u>

**THE FUND FOR PUBLIC SCHOOLS, INC.**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**NOTE 2 INVESTMENTS** *(continued)*

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 those investments, or similar investments, at the reporting date.
- Level 2:* Valuations are based on (i) quoted prices for 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 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.

The Fund's investments are subject to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term. The changes could materially affect the amounts reported in the accompanying financial statements.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. From fiscal year 2019 to 2020, there were no transfers among the fair value hierarchy levels.

The following tables summarize the fair values of the Fund's assets at each fiscal year end, in accordance with the ASC 820 valuation levels:

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

**NOTE 2 INVESTMENTS** *(continued)*

	<b>June 30, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,513	\$ -	\$ 9,513
Mutual funds	17,122,111	-	17,122,111
Equity securities/Fixed income	1,150,624	-	1,150,624
Dynamic assets	-	886,744	886,744
<b>Total</b>	<b>\$ 18,282,248</b>	<b>\$ 886,744</b>	<b>\$ 19,168,992</b>

  

	<b>June 30, 2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$ 706	\$ -	\$ 706
Mutual funds	15,957,434	-	15,957,434
Equity securities	381,887	-	381,887
Dynamic assets	-	353,919	353,919
<b>Total</b>	<b>\$ 16,340,027</b>	<b>\$ 353,919</b>	<b>\$ 16,693,946</b>

**NOTE 3 CONTRIBUTIONS AND GRANTS RECEIVABLE, NET**

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:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Less than one year	\$ 1,354,200	\$ 5,153,440
One to three years	15,660,837	5,845,739
Three years or more	3,730,287	1,396,668
	20,745,324	12,395,847
Fair value adjustment	(1,232,317)	(425,294)
	<b>\$ 19,513,007</b>	<b>\$ 11,970,553</b>

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

**NOTE 4      SIGNIFICANT SOURCES OF REVENUE**

The Fund received grants from four significant private funders totaling \$29,545,944 and four significant private funders for \$9,439,265 for fiscal years 2020 and 2019, respectively. Such grants have represented approximately 68% and 52% of contributions and grants revenue of \$43,196,738 and \$18,149,561 in fiscal years 2020 and 2019, respectively. The contributions and grants receivable from these private funders in the amounts of \$10,522,795 and \$5,947,115 represented approximately 54% and 50% of total contributions and grants receivable, net at June 30, 2020 and 2019, respectively.

**NOTE 5      EMPLOYEE BENEFIT PLANS**

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 contributions for fiscal years 2020 and 2019 were approximately \$24,200 and \$22,300, respectively.

**NOTE 6      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 7      LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Fund's financial assets available within one year of the statements of financial position date for general expenditure as of December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 28,378,357	\$ 7,089,344
Investments	19,168,992	16,693,946
Contributions and grants receivable	1,354,200	5,153,440
Less: Endowments	<u>(2,623,459)</u>	<u>(566,992)</u>
<b>Total financial assets available</b>	<u>\$ 46,265,090</u>	<u>\$ 28,369,738</u>

The Foundation structures its financial assets to be available as its expenditures become due. The Foundation maintains enough liquidity in cash and cash equivalents to at least cover planned expenditures for the next 12 months.



**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

At each fiscal year end, net assets with donor restrictions consisted of the following:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<i>Purpose restricted</i>		
Central	\$ 33,229,987	\$ 6,209,320
School-based	6,561,618	4,068,130
Scholarships	719,722	889,610
Time and purpose restricted	11,830,745	11,805,568
Restricted in perpetuity - Scholarships	2,341,495	491,495
	<u>\$ 54,683,567</u>	<u>\$ 23,464,123</u>

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

	<b>Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<i>Purpose restricted</i>		
Central	\$ 3,898,603	\$ 3,346,446
School-based	3,101,415	4,553,882
Scholarships	228,011	120,178
Time and purpose restricted	4,808,672	6,200,836
	<u>\$ 12,036,701</u>	<u>\$ 14,221,342</u>

**NOTE 9 ACCOUNTING AND REPORTING FOR ENDOWMENTS**

The Endowments

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

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

Years Ended June 30, 2020 and 2019

**NOTE 9 ACCOUNTING AND REPORTING FOR ENDOWMENTS** *(continued)*

Changes in Endowment Net Assets during Each Fiscal Year

For the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
	<u>With Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Endowment net assets, beginning of year	\$ 566,992	\$ 550,099
New endowment-Caroline Doll Memorial Fund	1,850,000	-
Investment income, net expenses	<u>206,467</u>	<u>16,893</u>
<b>Endowment net assets, end of year</b>	<b><u>\$ 2,623,459</u></b>	<b><u>\$ 566,992</u></b>

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. Under the terms of NYPMIFA, the Fund has no responsibility to restore such decreases in value. At June 30, 2020 and 2019, there were no deficiencies of this nature.

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.

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.

**NOTE 9      ACCOUNTING AND REPORTING FOR ENDOWMENTS** *(continued)*

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 program requirement 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.

**NOTE 10      COMMITMENTS**

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.

**NOTE 11      SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) "global pandemic", which has affected business-related activities throughout the United States and the world. As a result, uncertainties have arisen which could negatively impact activities of the Fund. Other financial impacts could occur, although such potential impact is unknown at this time. No adjustments or provisions were made in these financial statements related to the COVID-19 pandemic.

The Fund has evaluated its subsequent events (events occurring after June 30, 2020) through December 21, 2020, which represents the date the financial statements were available to be issued. As a result of this evaluation, there were no other events that required recognition or disclosure in the financial statements or disclosure.

