

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

**Financial Statements  
For the Years Ended June 30, 2018 and 2017  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Financial Statements  
Years Ended June 30, 2018 and 2017

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-17



## 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, 2018 and 2017, 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, 2018 and 2017, 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*

January 16, 2019

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
 Statements of Financial Position  
 As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 5,105,285	\$ 6,895,352
Investments	15,968,774	15,927,400
Contributions and grants receivable, net	8,410,430	10,904,495
Prepaid expenses and other assets	69,513	32,807
Fixed assets, net of accumulated depreciation	6,099	9,927
<b>Total assets</b>	<u>\$ 29,560,101</u>	<u>\$ 33,769,981</u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
<i>Current liabilities</i>		
Accounts payable and other liabilities	\$ 62,038	\$ 79,189
Grants payable	7,614,724	6,012,170
<b>Total liabilities</b>	<u>7,676,762</u>	<u>6,091,359</u>
<i>Net assets</i>		
Unrestricted	2,485,727	3,445,722
Temporarily restricted	18,906,117	23,663,400
Permanently restricted	491,495	569,500
<b>Total net assets</b>	<u>21,883,339</u>	<u>27,678,622</u>
<b>Total liabilities and net assets</b>	<u>\$ 29,560,101</u>	<u>\$ 33,769,981</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, 2018 and 2017**

	Year Ended June 30,							
	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Support and revenue</i>								
Contributions and grants	\$ 62	\$ 9,433,921	\$ -	\$ 9,433,983	\$ -	\$ 14,360,893	\$ -	\$ 14,360,893
Administrative fee	431,440	-	-	431,440	783,371	-	-	783,371
Donated goods and services	1,045,974	-	-	1,045,974	928,582	254,734	-	1,183,316
Investment income	37,642	162,391	-	200,033	11,193	320,677	-	331,870
Support and revenue before release from restrictions	1,515,118	9,596,312	-	11,111,430	1,723,146	14,936,304	-	16,659,450
Net assets released from restrictions	14,431,600	(14,353,595)	(78,005)	-	17,404,600	(17,404,600)	-	-
Total support and revenue	15,946,718	(4,757,283)	(78,005)	11,111,430	19,127,746	(2,468,296)	-	16,659,450
<i>Expenses</i>								
Program services	14,803,251	-	-	14,803,251	17,706,121	-	-	17,706,121
Management and general	691,120	-	-	691,120	1,371,065	-	-	1,371,065
Fund-raising	1,412,342	-	-	1,412,342	1,610,076	-	-	1,610,076
Total expenses	16,906,713	-	-	16,906,713	20,687,262	-	-	20,687,262
Change in net assets	(959,995)	(4,757,283)	(78,005)	(5,795,283)	(1,559,516)	(2,468,296)	-	(4,027,812)
Net assets - beginning of year	3,445,722	23,663,400	569,500	27,678,622	5,005,238	26,131,696	569,500	31,706,434
<b>Net assets - end of year</b>	<b>\$ 2,485,727</b>	<b>\$ 18,906,117</b>	<b>\$ 491,495</b>	<b>\$ 21,883,339</b>	<b>\$ 3,445,722</b>	<b>\$ 23,663,400</b>	<b>\$ 569,500</b>	<b>\$ 27,678,622</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, 2018 and 2017**

Account Description	Year Ended June 30,							
	2018				2017			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Grants	\$ 14,803,251	\$ -	\$ -	\$ 14,803,251	\$ 17,447,464	\$ -	\$ -	\$ 17,447,464
Salaries and fringe benefits	-	291,223	556,976	848,199	3,922	415,640	675,274	1,094,836
Donated goods and services	-	200,893	845,081	1,045,974	254,735	130,457	798,124	1,183,316
Professional fees	-	82,326	8,417	90,743	-	99,805	129,858	229,663
Travel and meals	-	1,890	1,744	3,634	-	1,862	1,762	3,624
Professional development	-	3,596	-	3,596	-	41,035	3,332	44,367
Insurance	-	12,869	-	12,869	-	17,326	-	17,326
Loss on re-granted contribution	-	-	-	-	-	571,180	-	571,180
Miscellaneous	-	98,323	124	98,447	-	93,760	1,726	95,486
<b>Total expenses</b>	<b>\$ 14,803,251</b>	<b>\$ 691,120</b>	<b>\$ 1,412,342</b>	<b>\$ 16,906,713</b>	<b>\$ 17,706,121</b>	<b>\$ 1,371,065</b>	<b>\$ 1,610,076</b>	<b>\$ 20,687,262</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (5,795,283)	\$ (4,027,812)
<i>Adjustments to reconcile decrease in unrestricted net assets to net cash used in operating activities</i>		
Depreciation	3,828	1,558
Net realized and unrealized losses on investment	40,534	251,410
Loss on re-granted contribution	-	571,180
<i>Changes in</i>		
Contributions and grants receivable, net	2,494,065	(1,004,371)
Prepaid expenses and other assets	(36,706)	(3,592)
Accounts payable and other liabilities	(17,151)	(43,977)
Grants payable	<u>1,602,554</u>	<u>(2,904,428)</u>
Net cash used in operating activities	<u>(1,708,159)</u>	<u>(7,160,032)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	11,695,803	20,290,388
Purchases of investments	(11,777,711)	(8,445,778)
Purchase of property and equipment	<u>-</u>	<u>(11,486)</u>
Net cash (used in) provided by investing activities	<u>(81,908)</u>	<u>11,833,124</u>
Net (decrease) increase in cash	(1,790,067)	4,673,092
Cash, beginning of year	<u>6,895,352</u>	<u>2,222,260</u>
<b>Cash, end of year</b>	<u>\$ 5,105,285</u>	<u>\$ 6,895,352</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, 2018 and 2017

### **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 as applicable to not-for-profit entities.

#### 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.

#### Reclassification

Certain prior year balances in the components of temporarily restricted net assets have been reclassified to conform to the current year presentation.

#### 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 and equity securities are reported at their fair values. Realized and unrealized gains and losses are included in the accompanying statements of activities.

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

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

Investments (continued)

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 as operating activities.

Property and Equipment

The Fund's property and equipment consisting of computer equipment is stated at their original costs or if contributed, at their fair value at the dates of donation. Minor costs of repairs and maintenance 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, 2018 and 2017, this accrued vacation obligation was \$14,554 and \$19,089, 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 \$7,614,724 and \$6,012,170 at June 30, 2018 and 2017, respectively. Grants are generally payable within one year of approval.

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

Net Assets

*(i) Unrestricted*

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

*(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 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, 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 in 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.

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. 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 a single year are recorded at 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 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  
Years Ended June 30, 2018 and 2017

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

Revenue Recognition *(continued)*

*(ii) Administrativ management fee*

The Fund collects an administrative management fee of up to 8% on grants received to cover administrative overhead costs. Administrative management fees of \$431,440 and \$783,371 received during fiscal years 2018 and 2017, 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 unrestricted support unless the donor has restricted the donated assets 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 2018 and 2017, the Fund received donated services, consisting primarily of financial and administration services from the Education Department and from a law firm, of approximately \$1,045,974 and \$928,582, respectively. The Fund also received donated goods, consisting of athletic clothing during 2017 valued at approximately \$254,734. No such donated goods were received during 2018.

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 areas using appropriate and consistent measurement methodologies.

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 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, 2018 and 2017

**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, 2015.

Accounting Standards Issued But Not Yet Adopted

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for annual reporting periods beginning after December 15, 2017. Management is currently evaluating the impact of this guidance on its financial statements.

In May 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU was issued in response to the diversity and difficulty in practice with regards to exchange transactions and unconditional and conditional contributions. The guidance for contributions received would be applicable for annual periods beginning after December 15, 2018 and the guidance for contributions made would be applicable for annual periods beginning after December 31, 2019. Management is currently evaluating the impact of this guidance on its financial statements.

Subsequent Events

The Fund considers the 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 January 16, 2019, the date on which the financial statements were available to be issued.

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

**NOTE 2 INVESTMENTS**

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 264,093	\$ 111,214
Mutual funds	12,024,736	12,309,688
Fixed-income securities	2,875,530	2,563,711
Equity securities	400,716	480,434
Dynamic assets	403,699	462,353
	<u>\$ 15,968,774</u>	<u>\$ 15,927,400</u>

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

	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 240,567	\$ 583,280
Realized losses on investments	(265)	(817,872)
Unrealized gains (losses) on investments	(40,269)	566,462
	<u>\$ 200,033</u>	<u>\$ 331,870</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 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 FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

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

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 and that such 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 years 2017 to 2018, there were no transfers among the fair value hierarchy levels.

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

	<b>June 30, 2018</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$ 264,093	\$ -	\$ 264,093
Mutual funds	12,024,736	-	12,024,736
Fixed-income securities	-	2,875,530	2,875,530
Equity securities	400,716	-	400,716
Dynamic assets	-	403,699	403,699
<b>Total</b>	<b>\$ 12,689,545</b>	<b>\$ 3,279,229</b>	<b>\$ 15,968,774</b>

  

	<b>June 30, 2017</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$ 111,214	\$ -	\$ 111,214
Mutual funds	12,309,688	-	12,309,688
Fixed-income securities	-	2,563,711	2,563,711
Equity securities	480,434	-	480,434
Dynamic assets	-	462,353	462,353
<b>Total</b>	<b>\$ 12,901,336</b>	<b>\$ 3,026,064</b>	<b>\$ 15,927,400</b>

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

**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>2018</b>	<b>2017</b>
Less than one year	\$ 3,986,068	\$ 4,872,879
One to three years	3,732,739	4,744,797
Three years or more	1,246,668	2,004,284
	8,965,475	11,621,960
Fair value adjustment	(555,045)	(717,465)
	<u>\$ 8,410,430</u>	<u>\$ 10,904,495</u>

**NOTE 4 SIGNIFICANT SOURCES OF REVENUE**

The Fund received grants from one private funder totaling \$1,330,000 and \$2,689,000 for fiscal years 2018 and 2017, respectively. Such grants have represented approximately 14% and 19% of contributions and grants revenue of \$9,433,983 and \$14,360,893 in fiscal years 2018 and 2017, respectively. The contributions and grants receivable from these private funders in the amounts of \$1,200,000 and \$2,000,000 represented approximately 14% and 18% of total contributions and grants receivable, net at June 30, 2018 and 2017, respectively.

**NOTE 5 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 2018 and 2017 was approximately \$22,400 and \$44,000, 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.



**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

**NOTE 7      TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
<i>Purpose restricted</i>		
Central	\$ 5,661,022	\$ 9,734,185
School-based	3,906,059	3,134,375
Scholarships	748,221	392,704
Time and purpose restricted	<u>8,590,815</u>	<u>10,402,136</u>
	<u>\$ 18,906,117</u>	<u>\$ 23,663,400</u>

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

	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
<i>Purpose restricted</i>		
Central	\$ 5,342,914	\$ 7,898,039
School-based	2,069,215	1,555,056
Scholarships	92,090	290,159
Time and purpose restricted	<u>6,869,016</u>	<u>7,676,649</u>
	14,373,235	17,419,903
Accumulated endowment income appropriated	<u>(19,640)</u>	<u>(15,303)</u>
	<u>\$ 14,353,595</u>	<u>\$ 17,404,600</u>

**NOTE 8      PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consisted of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Scholarships	\$ 391,495	\$ 469,500
Central	<u>100,000</u>	<u>100,000</u>
	<u>\$ 491,495</u>	<u>\$ 569,500</u>

**THE FUND FOR PUBLIC SCHOOLS, INC.**  
Notes to Financial Statements  
Years Ended June 30, 2018 and 2017

**NOTE 9 ACCOUNTING AND REPORTING FOR ENDOWMENTS**

The Endowments

The Fund's endowment funds consist of six donor-restricted funds, 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.

Changes in Endowment Net Assets During Each Fiscal Year

	<b>Year Ended June 30, 2018</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets.			
beginning of year	\$ 57,840	\$ 569,500	\$ 627,340
Investment income	20,404	-	20,404
Amounts released from permanently restricted	-	(78,005)	(78,005)
Amounts appropriated for expenditure	(19,640)	-	(19,640)
<b>Endowment net assets, end of year</b>	<b>\$ 58,604</b>	<b>\$ 491,495</b>	<b>\$ 550,099</b>
	<b>Year Ended June 30, 2017</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets.			
beginning of year	\$ 48,301	\$ 569,500	\$ 617,801
Investment income	24,842	-	24,842
Amounts appropriated for expenditure	(15,303)	-	(15,303)
<b>Endowment net assets, end of year</b>	<b>\$ 57,840</b>	<b>\$ 569,500</b>	<b>\$ 627,340</b>

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

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, 2018 and 2017, 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.

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.

