

THE FUND FOR PUBLIC SCHOOLS, INC.

**Financial Statements
For the Years Ended June 30, 2021 and 2020
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

THE FUND FOR PUBLIC SCHOOLS, INC.
Financial Statements
Years Ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 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.

Mitchell Titus, LLP

November 3, 2021

THE FUND FOR PUBLIC SCHOOLS, INC.
 Statements of Financial Position
 As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 28,124,678	\$ 28,378,357
Investments	20,152,382	19,168,992
Contributions and grants receivable, net	20,840,160	19,513,007
Prepaid expenses and other assets	6,626	1,580
Total assets	<u>\$ 69,123,846</u>	<u>\$ 67,061,936</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
<i>Current liabilities</i>		
Accounts payable and other liabilities	\$ 200,403	\$ 203,588
Grants payable	20,358,429	7,504,747
Total liabilities	<u>20,558,832</u>	<u>7,708,335</u>
<i>Net assets</i>		
Without donor restrictions	4,332,568	4,670,034
With donor restrictions	44,232,446	54,683,567
Total net assets	<u>48,565,014</u>	<u>59,353,601</u>
Total liabilities and net assets	<u>\$ 69,123,846</u>	<u>\$ 67,061,936</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, 2021 and 2020

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Support and revenue</i>						
Contributions and grants	\$ -	\$ 26,149,767	\$ 26,149,767	\$ -	\$ 43,196,738	\$ 43,196,738
Administrative fees	1,049,513	-	1,049,513	1,951,550	-	1,951,550
Donated goods and services	996,052	390,000	1,386,052	880,670	-	880,670
Investment income	86,833	922,606	1,009,439	600,201	59,407	659,608
Support and revenue before release from restrictions	2,132,398	27,462,373	29,594,771	3,432,421	43,256,145	46,688,566
Net assets released from restrictions	37,913,494	(37,913,494)	-	12,036,701	(12,036,701)	-
Total support and revenue	40,045,892	(10,451,121)	29,594,771	15,469,122	31,219,444	46,688,566
<i>Expenses</i>						
Program services	37,695,947	-	37,695,947	12,189,162	-	12,189,162
Management and general	1,320,102	-	1,320,102	731,410	-	731,410
Fund-raising	1,367,309	-	1,367,309	932,584	-	932,584
Total expenses	40,383,358	-	40,383,358	13,853,156	-	13,853,156
Change in net assets	(337,466)	(10,451,121)	(10,788,587)	1,615,966	31,219,444	32,835,410
Net assets - beginning of year	4,670,034	54,683,567	59,353,601	3,054,068	23,464,123	26,518,191
Net assets - end of year	\$ 4,332,568	\$ 44,232,446	\$ 48,565,014	\$ 4,670,034	\$ 54,683,567	\$ 59,353,601

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, 2021 and 2020

Account Description	Year Ended June 30,							
	2021				2020			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Grants	\$ 37,695,947	\$ -	\$ -	\$ 37,695,947	\$ 12,189,162	\$ -	\$ -	\$ 12,189,162
Salaries and fringe benefits	-	893,800	465,015	1,358,815	-	438,270	171,825	610,095
Donated goods and services	-	89,730	893,873	983,603	-	119,668	751,610	871,278
Professional fees	-	204,983	-	204,983	-	139,705	-	139,705
Travel and meals	-	893	-	893	-	3,000	714	3,714
Professional development	-	4,649	8,421	13,070	-	9,997	7,971	17,968
Insurance	-	17,959	-	17,959	-	13,227	464	13,691
Miscellaneous	-	108,088	-	108,088	-	7,543	-	7,543
Total expenses	\$ 37,695,947	\$ 1,320,102	\$ 1,367,309	\$ 40,383,358	\$ 12,189,162	\$ 731,410	\$ 932,584	\$ 13,853,156

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (10,788,587)	\$ 32,835,410
<i>Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities</i>		
Depreciation	-	2,270
Net realized and unrealized (gains) on investments	(579,252)	(209,778)
<i>Changes in</i>		
Contributions and grants receivable	(1,327,153)	(7,542,454)
Prepaid expenses and other assets	(5,046)	7,056
Accounts payable and other liabilities	(3,185)	123,269
Grants payable	12,853,682	(1,661,492)
Net cash provided by operating activities	<u>150,459</u>	<u>23,554,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	408,244	324,086
Purchases of investments	(812,382)	(2,589,354)
Net cash used in investing activities	<u>(404,138)</u>	<u>(2,265,268)</u>
Net (decrease) increase in cash	(253,679)	21,289,013
Cash, beginning of year	<u>28,378,357</u>	<u>7,089,344</u>
Cash, end of year	<u><u>\$ 28,124,678</u></u>	<u><u>\$ 28,378,357</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, 2021 and 2020

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 Internal Revenue Code (the 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 held temporarily in the long-term investment portfolio (until suitable investments are identified) are excluded from cash and cash equivalents available for current use in accordance with FASB ASC 958-205-55-7 and 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, 2021 and 2020

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, 2021 and 2020, the accrued vacation obligation was \$84,608 and \$25,263, 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 \$20,358,429 and \$7,504,747 at June 30, 2021 and 2020, respectively. Grants are generally payable within one year of approval.

Net Assets

Without donor restrictions

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

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

Net Assets *(continued)*

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 the 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 are 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

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.

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 \$1,049,513 and \$1,951,550 received during fiscal years 2021 and 2020, respectively, have been included in the accompanying statements of activities.

THE FUND FOR PUBLIC SCHOOLS, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

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 2021 and 2020, the Fund received donated services, primarily consisting of financial and administration services, from the Education Department and two law firms of approximately \$1,386,000 and \$881,000, 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 Financial Accounting Standards Board (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 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, 2017.

THE FUND FOR PUBLIC SCHOOLS, INC.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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

Adopted Accounting Pronouncement

During fiscal year 2021, the Fund adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 required an entity to recognize revenue based on the value of transferred goods or services as they occurred in the contract. ASU 2014-09 also required additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. Most of the Fund's revenue is generated through unconditional money largely from private funders. There are no contracts between the Fund and the respective funders. As such, based on the above, the adoption of ASU 2014-09 has no impact to the current revenue recognition policies.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 changes the accounting for leases, primarily by lessees in operating leases, by requiring (a) the recognition of (i) a lease asset (right of use) and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position and (ii) a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis, and (b) the classification of all lease payments within the operating activities in the statement of cash flows. In June 2020, the effective date of ASU 2016-02 was deferred to fiscal years beginning after December 15, 2021. The Fund is currently evaluating the requirements of ASU 2016-02 and its impact on the presentation of its financial statements and disclosures.

NOTE 2 INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 10,882	\$ 9,513
Mutual funds	18,144,292	17,122,111
Fixed-income securities	223,201	198,451
Equity securities	613,554	952,173
Dynamic assets	1,160,453	886,744
	<u>\$ 20,152,382</u>	<u>\$ 19,168,992</u>

THE FUND FOR PUBLIC SCHOOLS, INC.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 2 INVESTMENTS *(continued)*

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

	Year Ended June 30,	
	2021	2020
Interest and dividends	\$ 430,187	\$ 449,830
Realized gains (losses) on investments	72,171	(8,952)
Unrealized gains on investments	507,081	218,730
	<u>\$ 1,009,439</u>	<u>\$ 659,608</u>

FASB 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 2020 to 2021, there were no transfers among the fair value hierarchy levels.

THE FUND FOR PUBLIC SCHOOLS, INC.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 2 INVESTMENTS *(continued)*

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:

	June 30, 2021		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 10,882	\$ -	\$ 10,882
Mutual funds	18,144,292	-	18,144,292
Equity securities/Fixed income	836,755	-	836,755
Dynamic assets	-	1,160,453	1,160,453
Total	\$ 18,991,929	\$ 1,160,453	\$ 20,152,382

	June 30, 2020		
	Level 1	Level 2	Total
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
Total	\$ 18,282,248	\$ 886,744	\$ 19,168,992

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:

	June 30,	
	2021	2020
Less than one year	\$ 1,351,273	\$ 1,354,200
One to three years	18,989,405	15,660,837
Three years or more	853,335	3,730,287
	21,194,013	20,745,324
Fair value adjustment	(353,853)	(1,232,317)
	\$ 20,840,160	\$ 19,513,007

THE FUND FOR PUBLIC SCHOOLS, INC.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 4 SIGNIFICANT SOURCES OF REVENUE

The Fund received grants from five significant private funders totaling \$6,100,000 and four significant private funders for \$29,545,944 for fiscal years 2021 and 2020, respectively. Such grants represented approximately 23% and 68% of contributions and grants revenue of \$26,149,767 and \$43,196,738 in fiscal years 2021 and 2020, respectively. The contributions and grants receivable from these private funders in the amounts of \$10,897,065 and \$10,522,795 represented approximately 56% and 54% of total contributions and grants receivable, net at June 30, 2021 and 2020, respectively.

NOTE 5 EMPLOYEE BENEFIT PLANS

The Fund has a defined-contribution pension plan qualified under Section 403(b) of the Code and contributes a matching amount equal to 5% of each eligible employee's annual compensation. The Fund's contributions for fiscal years 2021 and 2020 were approximately \$54,000 and \$24,200, 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>2021</u>	<u>2020</u>
Cash	\$ 28,124,678	\$ 28,378,357
Investments	20,152,382	19,168,992
Contributions and grants receivable	1,351,273	1,354,200
Less: Endowments	<u>(3,023,200)</u>	<u>(2,623,459)</u>
Total financial assets available	<u>\$ 46,605,133</u>	<u>\$ 46,278,090</u>

The Fund structures its financial assets to be available as its expenditures become due. The Fund 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, 2021 and 2020

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
<i>Purpose restricted</i>		
Central	\$ 20,878,070	\$ 33,229,987
School-based	8,849,019	6,561,618
Scholarships	1,320,496	719,722
Time and purpose restricted	10,633,760	11,830,745
Restricted in perpetuity - Scholarships	<u>2,551,101</u>	<u>2,341,495</u>
	<u>\$ 44,232,446</u>	<u>\$ 54,683,567</u>

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

	<u>Year Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<i>Purpose restricted</i>		
Central	\$ 23,114,401	\$ 3,898,603
School-based	6,244,098	3,101,415
Scholarships	312,456	228,011
Time and purpose restricted	<u>8,242,539</u>	<u>4,808,672</u>
	<u>\$ 37,913,494</u>	<u>\$ 12,036,701</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, 2021 and 2020

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

Changes in Endowment Net Assets during Each Fiscal Year

The following table reflects the changes in the Fund's endowment net assets for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 2,623,459	\$ 566,992
New endowment-Caroline Doll Memorial Fund	-	1,850,000
Investment income, net expenses	399,741	206,467
Endowment net assets, end of year	<u>\$ 3,023,200</u>	<u>\$ 2,623,459</u>

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, 2021 and 2020, 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 endowments 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.

THE FUND FOR PUBLIC SCHOOLS, INC.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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

The Fund has evaluated its subsequent events (events occurring after June 30, 2021) through November 3, 2021, 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.

