Westchester Community College Foundation Inc. and Subsidiary

Consolidated Financial Statements

August 31, 2022 and 2021

WESTCHESTER COMMUNITY COLLEGE FOUNDATION

HARTFORD HALL
75 GRASSLANDS ROAD
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December 20, 2022

Executive Director Summary FY 2021-2022

The mission of Westchester Community College Foundation is to aid and advance the mission of Westchester Community College by raising support for College programs and student scholarships to ensure student success. The Foundation is a key strategic partner of the College in providing resources for initiatives that are high priorities for the College with a focus on providing a high-quality, affordable education to attract students; supporting students while they are at the College with the resources they need to continue; and enabling students to successfully complete their studies. The Foundation opens the doors wider to make sure that all our students can take advantage of the full range of opportunities that the College has to offer.

The Foundation is fortunate to be governed by an independent Board of Directors made up of generous and involved community leaders throughout Westchester County and beyond. The efforts of the Foundation are made possible through the continuing support of individuals, local businesses, corporations, and foundations committed to advancing the mission of the College.

Since its founding in 1969, the Foundation has raised over $112 million to meet College and student needs not covered by public support. The Foundation funds a wide range of College priorities including scholarships, capital projects, faculty development, emergency student aid, and new and innovative program initiatives to promote student success. The Foundation oversees the Alumni Office, which keeps us connected with those who have studied at WCC in recent years or decades ago; the Volunteer Program, which provides meaningful services for students thanks to dedicated individuals donating their time; and the Native Plant Center, an environmental program that is well-regarded throughout the county and state.

With generous donor support, the Foundation continues to distribute over $2.2 million in scholarship awards annually. A gift of $150,000 from the Gerstner Philanthropies has enabled the college's division of Workforce Development and Community Education to develop its first-ever scholarship program for those seeking short-term workforce credentials.

The Foundation also provided support during the past year of over $2.4 million for innovative College programs; as a leader in financial education, the College's successful Money Smart Forum will not only be continued for three years with a grant of $450,000 from JPMorgan Chase, but the entire program is being replicated at community colleges across the nation by the National Council on Workforce Education with the bank's support.

The Pathways Campaign for Student Success is a comprehensive, multi-year campaign raising funds to significantly improve student outcomes through programs and services designed to increase student readiness, success, and overall support. The Foundation entered the final stage of the campaign in fiscal year 2022, having raised more than $57 million. A major success of the campaign this fiscal year was the receipt of a gift of $400,000 from a generous individual, completing the $2 million needed to design and build a Simulated Hospital Lab on campus.

We have seen significant growth in our Hartford Hall Society, which recognizes loyal friends of the College who have established a legacy gift to the Westchester Community College Foundation to ensure that we will be here to help future generations of students.

The Fund for WCC, the Foundation's largest source of unrestricted funding, had another successful year, raising over $600,000, significantly exceeding its goal.

The Foundation's Special Events program featured a very successful Lester M. Crystal President's Forum in April 2022, named for the late storied Executive Producer of the PBS NewsHour who, as a member of the WCC Foundation Board of Directors, organized and moderated the event for many years. The panel was moderated by WNYC's Brian Lehrer and included notable speakers including the Washington Post's Jacqueline Alemany; Helene Cooper, Linda Greenhouse and Bret Stephens of the New York Times; Fordham University's Christina Greer; and political strategist Hank Sheinkopf. More than 200 people from as far away as California logged in to the event. JPMorgan Chase and Con Edison were among the sponsors of the event. WCC Foundation board members Betty Cotton and Evelyn Stock chaired the event.

We have all witnessed a challenging year in the investment market, and the WCC Foundation was no exception. While in fiscal year 2021, we had $8.1 million in investment gains, in fiscal year 2022 our portfolio experienced a loss of $11.2 million. Our commitment to helping our students has not waned, and we are in a strong position to weather the financial storm while continuing to provide essential, holistic support of our students and the College in 2023 and well into the future.

The Foundation continues to benefit from the major bequest received in 2020 from former Board leader and community philanthropist David Swope, who gifted the Foundation a 60% ownership in County Homes, LLC, which holds Tappan Hill Mansion in Tarrytown, New York, an event and catering facility. The income from Tappan Hill provides significant annual income to the Foundation, further enabling its critical mission of providing support of the College's strategic priorities. Oversight of the bequest and related tenant or property issues is being managed by a Real Estate Committee, comprised of members of the Foundation's Board of Directors with expertise in this area, along with the Executive Director, CFO, and legal counsel as needed.

We are deeply grateful to our friends in the community for their generosity and support of SUNY Westchester Community College through the Westchester Community College Foundation and look forward to your continued involvement.

Sincerely,

Dolores Swirin-Yao
Executive Director, Westchester Community College Foundation
Vice President, External Affairs, Westchester Community College

PragerMetis

Independent Auditor's Report

To the Board of Directors of
Westchester Community College Foundation Inc.
Valhalla, New York

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Opinion

We have audited the accompanying consolidated financial statements of Westchester Community College Foundation Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Westchester Community College Foundation Inc. and Subsidiary as of August 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westchester Community College Foundation Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Community College Foundation Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Westchester Community College Foundation Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Community College Foundation Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Rye Brook, New York
December 20, 2022

Westchester Community College Foundation Inc. and Subsidiary
Consolidated Statements of Financial Position
August 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 2,612,235**	$ 1,709,585
Accrued interest receivable	**83,191**	92,180
Prepaid expenses and other assets	**28,053**	9,328
Marketable investments	**53,854,130**	64,267,836
Pledges receivable, net	**393,935**	788,690
Assets of gift annuity fund	**58,754**	76,928
Investments in partnerships	**2,580,073**	3,554,978
Property, furniture and equipment, net	**3,937,701**	3,961,794
Total assets	**$ 63,548,072**	$ 74,461,319
Liabilities, net assets and non-controlling interest in subsidiary		
Liabilities		
Accounts payable and accrued expenses	**$ 1,572,779**	$ 986,324
Deferred revenue	**226,118**	211,250
Annuity payment liability	**59,238**	62,280
Total liabilities	**1,858,135**	1,259,854
Net assets		
Without donor restrictions	**8,203,049**	7,653,398
With donor restrictions	**51,630,925**	63,708,449
Total net assets	**59,833,974**	71,361,847
Non-controlling interest in subsidiary	**1,855,963**	1,839,618
Total net assets and non-controlling interest in subsidiary	**61,689,937**	73,201,465
Total liabilities, net assets and non-controlling interest in subsidiary	**$ 63,548,072**	$ 74,461,319

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

Westchester Community College Foundation Inc. and Subsidiary
Consolidated Statement of Activities
Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and gains			
Contributions, annual fundraising activities	$ 785,657	$ 3,498,252	$ 4,283,909
Payroll and facilities support, Westchester Community College	553,767	-	553,767
Rental income	573,340	-	573,340
Special events, net	122,046	-	122,046
Investment income, net	461,970	425,182	887,152
Net depreciation in fair value of investments	(9,242)	(11,163,454)	(11,172,696)
Net appreciation in fair value of partnerships	-	12,051	12,051
Change in value of gift annuity	(15,132)	-	(15,132)
Total revenue and gains	2,472,406	(7,227,969)	(4,755,563)
Reclassifications			
Net assets released from restrictions			
Satisfaction of program restrictions	4,849,555	(4,849,555)	-
Total reclassifications	4,849,555	(4,849,555)	-
Total revenue, gains and reclassifications	7,321,961	(12,077,524)	(4,755,563)
Expenses			
Program services	5,491,399	-	5,491,399
Management and general	697,064	-	697,064
Fundraising	466,005	-	466,005
Total expenses	6,654,468	-	6,654,468
Change in net assets including non-controlling interests	667,493	(12,077,524)	(11,410,031)
Non-controlling interests in earnings of subsidiary	117,842	-	117,842
Change in net assets Westchester Community College Foundation Inc.	549,651	(12,077,524)	(11,527,873)
Net assets, beginning of year	7,653,398	63,708,449	71,361,847
Net assets, end of year	$ 8,203,049	$ 51,630,925	$ 59,833,974

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and gains			
Contributions, annual fundraising activities	$ 629,895	$ 6,445,583	$ 7,075,478
Forgiveness of debt, PPP loan	131,900	-	131,900
Payroll and facilities support, Westchester Community College	457,089	-	457,089
Rental income	438,485	-	438,485
Special events, net	92,135	-	92,135
Investment income, net	429,472	208,004	637,476
Net appreciation in fair value of investments	12,329	8,067,086	8,079,415
Net appreciation in fair value of partnership	-	45,184	45,184
Change in value of gift annuity	1,540	-	1,540
Total revenue and gains	2,192,845	14,765,857	16,958,702
Reclassifications			
Net assets released from restrictions			
Satisfaction of program restrictions	4,425,381	(4,425,381)	-
Total reclassifications	4,425,381	(4,425,381)	-
Total revenue, gains and reclassifications	6,618,226	10,340,476	16,958,702
Expenses			
Program services	4,933,444	-	4,933,444
Management and general	679,312	-	679,312
Fundraising	472,640	-	472,640
Total expenses	6,085,396	-	6,085,396
Change in net assets including non-controlling interests	532,830	10,340,476	10,873,306
Non-controlling interests in earnings of subsidiary	48,531	-	48,531
Change in net assets Westchester Community College Foundation Inc	484,299	10,340,476	10,824,775
Net assets, beginning of year	7,169,099	53,367,973	60,537,072
Net assets, end of year	$ 7,653,398	$ 63,708,449	$ 71,361,847

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

Westchester Community College Foundation Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended August 31, 2022

	Program Services	Management and General	Fundraising	Total
Grants, institutional enrichment	$ 2,573,920	$ -	$ -	$ 2,573,920
Grants, scholarships awarded	2,514,934	-	-	2,514,934
Salaries and benefits	357,752	277,725	395,860	1,031,337
Accounting fees	942	19,760	3,998	24,700
Outside services	2,403	-	-	2,403
Office administrative costs	806	16,868	3,413	21,087
Software support	880	18,462	3,735	23,077
Conferences, conventions and meetings	7,368	-	-	7,368
Depreciation	76	1,598	323	1,997
Insurance	589	12,354	2,499	15,442
Donor relations	386	-	54,429	54,815
Professional fees	-	62,895	-	62,895
Alumni enrichment	23,005	-	-	23,005
Office expenses	407	8,532	1,726	10,665
Dues and fees	6,447	-	-	6,447
Postage and shipping	5	109	22	136
Community relations	1,479	-	-	1,479
Rental property expenses	-	278,761	-	278,761
	$ 5,491,399	$ 697,064	$ 466,005	$ 6,654,468

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

	Program Services	Management and General	Fundraising	Total
Grants, institutional enrichment	$ 2,435,501	$ -	$ -	$ 2,435,501
Grants, scholarships awarded	2,232,603	-	-	2,232,603
Salaries and benefits	208,036	245,565	430,948	884,549
Accounting fees	3,761	15,701	4,138	23,600
Investment fees	590	-	-	590
Outside services	736	-	-	736
Office administrative costs	2,933	12,250	3,229	18,412
Software support	5,003	13,198	13,198	31,399
Conferences, conventions and meetings	1,380	-	-	1,380
Depreciation	358	1,498	395	2,251
Insurance	2,173	9,073	2,391	13,637
Donor relations	-	-	17,484	17,484
Professional fees	-	61,510	-	61,510
Alumni enrichment	34,070	-	-	34,070
Office expenses	721	3,009	793	4,523
Dues and fees	4,435	-	-	4,435
Postage and shipping	59	244	64	367
Community relations	1,085	-	-	1,085
Rental property expenses	-	317,264	-	317,264
	$ 4,933,444	$ 679,312	$ 472,640	$ 6,085,396

	2022	2021
Cash flows from operating activities		
Change in net assets	**$ (11,410,031)**	$ 10,873,306
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**77,647**	77,278
Forgiveness of debt PPP loan	**-**	(131,900)
Net depreciation (appreciation) in fair value of investments	**11,172,696**	(8,079,415)
Net (appreciation) in fair value of partnerships	**(12,051)**	(45,184)
Net decrease in assets of gift annuity fund	**18,174**	1,636
Decrease (increase) in operating assets		
Pledges receivable	**394,755**	(5,571)
Accrued interest receivable	**8,988**	27,901
Prepaid expenses and other assets	**(18,727)**	24,586
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	**586,455**	568,523
Deferred income	**14,868**	116,250
Annuity payment liability	**(3,042)**	(3,176)
Net cash provided by operating activities	**829,732**	3,424,234
Cash flows from investing activities		
Purchase of property, furniture and equipment	**(53,551)**	-
Purchase of investments in partnerships (ownership interest)	**-**	(244,047)
Proceeds from distributions from partnerships	**986,956**	278,136
Purchase of marketable investments	**(26,998,575)**	(39,982,174)
Proceeds from sales/maturities of marketable investments	**26,239,585**	36,741,026
Net cash provided by (used in) investing activities	**174,415**	(3,207,059)
Cash flows used in financing activities		
Distributions to non-controlling interest member	**(101,497)**	(110,724)
Net cash used in financing activities	**(101,497)**	(110,724)
Net increase in cash and cash equivalents	**902,650**	106,451
Cash and cash equivalents, beginning of year	**1,709,585**	1,603,134
Cash and cash equivalents, end of year	**$ 2,612,235**	$ 1,709,585

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

Note 1 The Foundation

The Westchester Community College Foundation Inc. was formed to receive and maintain a fund (or funds) of real or personal property, or both, and to use and apply the income therefrom or the whole or any part of the principal, or both, exclusively to aid and advance the development, purposes and programs of Westchester Community College ("WCC").

The Foundation's supplemental support for the benefit of Westchester Community College primarily provides scholarships for its incoming, continuing and graduating students. The Foundation also finances faculty development, educational programming and college operating and capital expenditures. The Foundation's support strengthens and enriches the educational life and environment of Westchester Community College.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Consolidation

The consolidated financial statements include the accounts of Westchester Community College Foundation Inc. and its sixty percent owned subsidiary, County Homes LLC (collectively referred to as the "Foundation"). All significant intercompany transactions and accounts have been eliminated.

During 2018, Westchester Community College Foundation, Inc. received notice that it was the sole beneficiary of a charitable remainder trust that included a sixty percent interest in County Homes LLC ("Homes"). Homes was formed as a New York limited liability company on December 21, 1995 to own and manage a rental property. Homes has an indefinite life unless there is an early termination election by its members.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the consolidated statements of cash flows, cash equivalents are defined as money market funds, overnight deposits and other financial instruments with an original term of three months or less at the time the Foundation purchased the financial instrument, and which are not designated as held for investment.

Note 2 Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, bonds, and mutual funds held in bank accounts and brokerage accounts, which may exceed the Federal insurance coverage limits provided by the Federal Deposit Insurance Corporation ("FDIC") for bank accounts and Securities Investor Protection Corporation ("SIPC") for brokerage accounts. The Foundation maintains its accounts with major financial institutions to minimize its risk.

Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program and supporting services of the Foundation. Therefore, expenses require allocation on a reasonable and consistent basis. The more significant expense allocations include salaries and related personnel costs and occupancy. Personnel costs have been allocated based on the personnel cost allocation percentages.

Recognition of Revenue

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as a component of net assets released from restrictions. Donor restricted support whose restrictions are met in the same period are reported as net assets without donor restrictions.

Unconditional promises to give are recorded as revenue and pledges receivable upon notification. Pledges receivable due in the next year are recorded at their nominal value. Pledges receivable due in subsequent years are recorded at the present value of their nominal value, using the applicable interest rates applicable to the years in which the promises are received. The risk adjusted discount rate is established at the time the pledges are received. A discount rate of 4.5% (each year) has been used to determine the net present value of pledges due to be received in more than one year. An allowance for uncollectible pledges receivable is provided based on historical trends and management's evaluation of potential uncollectible pledges receivable at year-end. To recognize risk associated with collections of pledges receivable, management has elected to recognize a minimum allowance for uncollectible pledges of 1% of the outstanding pledge receivable balance.

Deferred revenue is recorded when a contribution or other revenue is received that is contingent on future events or other such conditions that would require the funds to be returned if those conditions are not met.

Rental revenue is recognized as it accrues under executed lease agreements.

Note 2 Summary of Significant Accounting Policies (continued)

Property, Furniture and Equipment
Acquisitions of furniture and equipment in excess of $750 and an estimated useful life of a year or more are capitalized. Property, furniture and equipment, consisting primarily of a rental property (including improvements and land), furniture, and office equipment, are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 5 – 39 years.

Income Taxes
The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is classified as a public charity. Donations to the Foundation are deductible for income tax purposes under IRC section 170. As of August 31, 2022 and 2021, management has determined that there were no significant uncertain tax positions requiring recognition.

Classification of Net Assets
The Foundation's net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- *Net assets without donor restrictions* – Assets that are available for use and are not subject to donor-imposed restrictions. This class also includes previously restricted net assets where restrictions have been met or expired. The governing board can designate from net assets without donor restrictions, net assets for board-designated purposes.
- *Net assets with donor restrictions* – Assets that are subject to usage limitations based on donor-imposed or grantor restrictions. Restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may need to be maintained in perpetuity.

Investments
The Foundation records investments in publicly traded marketable debt and equity securities and its minority interest in a timber and investment partnership at fair value in the consolidated statements of financial position and recognizes changes in fair value as gains or losses in the consolidated statements of activities.

The Foundation accounts for its minority interest in a real estate partnership, which is not readily marketable, at fair value, as determined by the donor at the date of the contribution. Distributions received are accounted for as current income.

Note 2 Summary of Significant Accounting Policies (continued)

Fair Value Measurements
GAAP establishes a fair value hierarchy based on transparency of inputs as follows:

Level 1 Inputs are unadjusted quoted market prices in active markets that the Foundation can access for identical assets or liabilities at the measurement date (e.g., equity securities traded on the New York Stock Exchange).

Level 2 Inputs are from other than unadjusted quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

Level 3 Inputs are unobservable (e.g., an entity's own data) and should be used to measure fair value to the extent that observable inputs are not available.

GAAP provides entities with an option to report selected financial assets and financial liabilities at fair value. It also establishes presentation and disclosure requirements that are designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The fair value option established by GAAP permits all entities to choose to measure eligible account balances at fair value at specified election dates. Marketable investments including the assets of the gift annuity fund and the annuity payment liability are valued at fair value.

Fair Value Asset Valuation Methodologies
The following is a general description of the valuation methodologies used for assets measured at fair value. There has not been a change in the methodologies used at August 31, 2022 and 2021.

Money Market Accounts and Mutual Funds
Valued at the daily closing price as reported by the fund. Money market accounts and mutual funds held by the Foundation are open-ended investment funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Corporate Equity Securities and Preferred Stock
Securities that are listed on an exchange are valued at quoted market prices at their last sales prices on the primary exchange on which such securities are traded.

U.S. Government and Agencies Securities and Corporate Bonds and Fixed Income Securities (including brokered certificates of deposit and asset-backed securities)
These securities are valued using methods based upon market transactions for comparable securities and relationships between securities which are generally recognized by institutional trades. These valuations are based on methods which include the consideration of yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. These types of investments are generally categorized within Level 2 of the fair value hierarchy.

Note 2 Summary of Significant Accounting Policies (continued)

Investments in Partnerships

The Foundation values its investments in partnerships using information as it is reported by the partnerships. When information on fair value is not provided by the partnership as of year-end, the Foundation will use the date closest to year-end, for which a value is provided, which is management's best estimate available to value the partnership interest. These types of investments are generally categorized within Level 3 of the fair value hierarchy. Because the partnership interests are not readily marketable and they are being held as long-term investments, the recorded values may differ significantly from current market valuations or the value that will ultimately be realized upon the sale or transfer of the partnership interests.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Endowment Investment and Spending Policies

The Foundation maintains various donor-restricted funds whose purpose is to provide long-term support for its charitable programs. In classifying such funds for financial statement purposes the Board of Directors looks to the explicit direction of the donor, and the provisions of the laws of the State of New York. The Board has determined that, absent donor stipulations to the contrary, the provisions of New York State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift.

The Board of Directors of the Foundation, in consultation with its Investment Committee, has established an endowment spending policy to sustain the long-term purchasing power of the endowment assets based on the return objectives noted in the next paragraph. For that purpose, the Board had implemented a spending rate of five percent (5%) each year, including four and one half percent (4.5%) of the endowment assets applied to the average of the endowment's year-end market values over the prior three years to be used in accordance with donor restrictions and one half of one percent (0.5%) of the ending market value at period end to be used as an administrative fee.

The Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub-classes. Endowment return objectives are to provide a rate of return over the long-term consistent with prudent investment practices and at a minimum, the fund is expected to outperform the aggregate return of the consumer price index and the spending rate of the fund measured over a trailing five-year period. In order to achieve this objective, the Foundation follows the strategy of weighing the asset allocation to higher return asset classes, including equities and alternative investments, with marginally higher risk characteristics. The total return objective includes the funding of both the current year spending rate amount and the amount required to be retained pursuant to the Board's interpretation of New York State law.

Note 2 Summary of Significant Accounting Policies (continued)

Gift Annuity Fund

The Foundation operates a charitable gift annuity program whereby donors receive lifetime payments in exchange for assets conveyed under an annuity contract. The assets received are held as unrestricted but segregated assets of the Foundation, and the annuity liability is a general obligation of the Foundation. Assets received pursuant to the gift annuity are recorded at fair value when received, and an annuity liability is recorded for the present value of future cash flows to the donor or the donor's designated beneficiaries based upon their life expectancy using the New York State required calculation method. Contribution revenue is recorded for the difference between the fair value of the assets and the annuity liability upon the receipt of the gift annuity.

Changes in the fair value of the assets are recorded annually. The net change in fair value of the annuity assets and liabilities is recorded in the consolidated statements of activities as change in value of gift annuity. The estimated rates of return on the annuities range from approximately 0.6% to 7.0% and the payout percentages range from 6.6% to 7.3%.

Contributed Services

Members of the Foundation's governing board donate significant time to the Foundation's activities. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The value of this time is not recorded in the accompanying consolidated financial statements because it does not meet the criteria for recognition under GAAP.

Donated Materials

Donated materials are recorded at fair value, based on valuations provided by the donor, at the date of donation.

Reclassifications

The Foundation has made certain reclassifications to the 2021 consolidated financial statements to conform with the 2022 presentation. Such reclassifications had no effect on net assets and changes in net assets as previously reported.

Note 3 Risks Related to Investments

The Foundation invests in various investment securities and other types of investments. Investment securities are exposed to various risks such as interest rates, market value changes, foreign exchange rates and credit risks. Due to the level of risk associated with certain investments it is at least reasonably possible that changes in the values of investment securities or the investments in the real estate, timber and investment partnerships will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Note 4 Marketable Investments

The Foundation maintains various security accounts with brokerage companies and these accounts contain various types of investments, which are summarized below:

	2022		2021	
	Cost	**Fair value**	Cost	Fair value
Money market funds held for investment	**$ 5,743,536**	**$ 5,743,536**	$ 4,930,571	$ 4,930,571
Certificates of deposit	**278,944**	**278,944**	278,930	278,930
Mutual funds				
Bond funds	**566,427**	**537,276**	629,170	633,780
Equity funds	**13,732,525**	**13,895,175**	11,752,659	15,842,175
U.S. treasury notes	**10,735,789**	**10,195,743**	7,663,189	7,836,464
U.S. government and agencies securities	**948,470**	**898,558**	1,195,708	1,201,187
Corporate bonds and fixed income securities	**6,260,872**	**6,004,356**	8,768,961	8,954,400
Asset backed securities	**722,349**	**656,071**	794,757	809,663
Corporate equity securities	**13,645,973**	**15,309,050**	14,924,703	23,392,294
Preferred stock	**378,115**	**335,421**	368,735	388,372
Total marketable investments	**$ 53,013,000**	**$ 53,854,130**	$ 51,307,383	$ 64,267,836

The following is a summary of the relationship between the cost basis and fair values of marketable investment assets:

	2022			2021
	Cost	**Fair Value**	**Excess of Fair Value Over Cost**	Excess of Fair Value Over Cost
Balance, beginning of year	**$ 51,307,383**	**$ 64,267,836**	**$ 12,960,453**	$ 6,736,145
Balance, end of year	**$ 53,013,000**	**$ 53,854,130**	**841,130**	12,960,453
Unrealized (loss) gain on valuation of investments			**(12,119,323)**	6,224,308
Realized net gain from sales and maturities of marketable investments for the year			**946,627**	1,855,107
Net (depreciation) appreciation in fair value of marketable investments			**$ (11,172,696)**	$ 8,079,415

Note 4 Marketable Investments (continued)

Investment return for the years ended August 31, 2022 and 2021 are summarized as follows:

	2022	2021
Investment income	**$ 1,314,414**	$ 985,336
Investment management fees	**(427,262)**	(347,860)
Investment income, net	**887,152**	637,476
Unrealized gain (loss) in fair value of marketable investments	**(12,119,323)**	6,224,308
Realized net gain on sales/maturities of marketable investments	**946,627**	1,855,107
Net (depreciation) appreciation in fair value of marketable investments	**(11,172,696)**	8,079,415
Net investment return	**$ (10,285,544)**	$ 8,716,891

Funds available for investment include endowments, unexpended donor restricted contributions and unexpended contributions without donor restrictions. In addition, earned investment income is generally reinvested and net appreciation (depreciation) is determined on assets held in investment accounts. All investment assets are pooled.

Note 5 Pledges Receivable

Pledges receivable consist of unconditional promises to give and are summarized as follows:

	2022	2021
Pledges receivable in less than one year	**$ 292,000**	$ 500,651
Pledges receivable in one to five years	**130,000**	310,222
Total pledges receivable	**422,000**	810,873
Less discounts to present value	**(20,065)**	(14,183)
Less allowance for uncollectible pledges	**(8,000)**	(8,000)
Pledges receivable, net	**$ 393,935**	$ 788,690

For the years ended August 31, 2022 and 2021, the Foundation maintained an allowance for doubtful accounts at $8,000. These amounts were estimated by management to be sufficient based on the Foundation's accounting policy as set forth in Note 2. There were no actual losses sustained during the years ended August 31, 2022 and 2021.

Note 6 Concentration

For the year ended August 31, 2022, one donor accounted for approximately 12% of contributions. Two donors accounted for 76% of the Foundation's gross outstanding pledges receivable at August 31, 2022. For the year ended August 31, 2021, a substantial part of the Foundation's contributions were derived from two donors who accounted for approximately 48% of contributions. Two donors accounted for 81% of the Foundation's gross outstanding pledges receivable at August 31, 2021.

Note 7 Investments in Partnerships

Real Estate Partnership

During the year ended August 31, 2001, the Foundation received a non-cash contribution of a 9.25% share in a limited partnership (a privately held real estate joint venture). The investment balance at August 31, 2022 and 2021 of $564,250 represents the estimated fair value, without formal appraisal, as determined by the donor at the date of the contribution. This partnership is controlled by the family of a board member.

The limited partnership distributions and any proceeds from the disposition of the limited partnership interest are restricted for support of the Children's Center. The contribution has been included in net assets with donor restrictions endowment funds. Distributions from the partnership to the Foundation, which are included as investment income, net in the consolidated statements of activities for the years ended August 31, 2022 and 2021, were $35,379 and $53,687, respectively.

Investment in Timber Partnership

The Foundation has a 0.29% partnership interest in Hancock Timberland XI, L.P. As of August 31, 2022 and 2021, the Foundation has invested $746,175 and $765,121, respectively, in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at $1,167,992 and $1,114,135, as of June 30, 2022 and 2021, respectively. No valuation was provided as of August 31, 2022 and 2021. Realized and unrealized gains of $72,803 and $839 were recognized as of August 31, 2022 and 2021, respectively.

Investment in Linx Partnership

The Foundation has a 1.35% partnership interest in Linx Partners III, L.P, a private equity fund. As of August 31, 2022 and 2021, the Foundation has invested $1,078,604 and $1,360,114, respectively, in this partnership. The partnership provided an unaudited quarterly report showing the fair value of the Foundation's investment at $847,831 and $1,876,593 as of June 30, 2022 and 2021, respectively. No valuation was provided as of August 31, 2022 and 2021. Realized and unrealized gains (losses) of $(60,753) and $44,345 were recognized as of August 31, 2022 and 2021, respectively. In January 2022, the Foundation received a distribution of $946,286 from the partnership.

Note 7 Investments in Partnerships (continued)

Investments in partnerships at fair value as of August 31, 2022 and 2021 are summarized below:

	2022	2021
Real estate partnership	**$ 564,250**	$ 564,250
Hancock Timberland XI, L.P.	**1,167,992**	1,114,135
Linx Partners III, L.P.	**847,831**	1,876,593
Investments in partnerships	**$ 2,580,073**	$ 3,554,978

Note 8 Payroll and Facilities Support – Westchester Community College

Salaries and related payroll expenses for certain Foundation personnel of $506,889 and $416,953 were provided by Westchester Community College for 2022 and 2021, respectively. In addition, the College provided office facilities and other miscellaneous support to the Foundation with a value of $46,878 and $40,136 for 2022 and 2021, respectively. The revenue has been recorded as payroll and facilities support, Westchester Community College, in the consolidated statements of activities. The related expenses have been recorded as part of grants, institutional enrichment, salaries and benefits and office administrative costs in the consolidated statements of functional expenses.

Note 9 Scholarships Awarded

The scholarship program provides scholarships for incoming, continuing and graduating students. Scholarship awards represent the actual amount of scholarships awarded and do not include costs of administering the scholarship program. Scholarships are funded from various sources including endowment income restricted for scholarships, direct contributions for scholarships and operating funds budget appropriations for scholarships. Potential scholarship applicants complete an on-line process and applications are submitted to the WCC Foundation Scholarship committee.

Note 10 Satisfaction of Program Restrictions

Actions of the Foundation, or the passage of time which satisfied the donor-imposed restrictions on net assets, resulted in the release of restricted net assets from restrictions for the years ended August 31, 2022 and 2021 as follows:

	2022	2021
Scholarships	$ 2,291,327	$ 1,995,982
College enhancement and enrichment	2,135,000	1,675,636
Dr. Hankin Gateway to the Future Fund	423,228	748,686
Administrative expenses	-	5,077
	$ 4,849,555	$ 4,425,381

Note 11 Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2022 and 2021 are available for the following purposes:

	2022	2021
Purpose restrictions:		
Scholarships to be awarded in future years	$ 9,389,876	$ 9,010,544
College enhancement and enrichment	5,673,689	5,920,909
Virginia Marx Children's Center programs and scholarships	2,479,860	2,114,933
Dr. Hankin Gateway to the Future Fund	1,292,628	1,314,824
Time restrictions:		
Pledges receivable and unallocated funds	358,153	2,232,286
Endowment funds	32,436,719	43,114,953
	$ 51,630,925	$ 63,708,449

Note 12 Endowment Funds and Purpose Restrictions

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”).

New York State enacted UPMIFA on September 17, 2010; the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the Foundation’s donor restricted endowment funds meet the definition of endowment funds under the New York State enacted version of UPMIFA.

Note 12 Endowment Funds and Purpose Restrictions (continued)

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature aggregate to $1,682,669 as of August 31, 2022. These deficiencies resulted from unfavorable market fluctuations during the year ended August 31, 2022. No such deficiencies existed as of August 31, 2021.

Endowment funds consist of donor restricted net assets which are restricted for the following purposes as of August 31, 2022:

	August 31, 2022		
	Original Gift Held in Perpetuity	**Cumulative Losses**	**Total Endowment Funds**
Scholarships	**$ 18,272,950**	**$ (1,104,589)**	**$ 17,168,361**
Virginia Marx Children's Center programs and scholarships	**3,157,238**	**(221,945)**	**2,935,293**
College enhancement and enrichment	**4,847,091**	**(224,604)**	**4,622,487**
Dr. Hankin Gateway to the Future Fund	**6,600,000**	**(69,368)**	**6,530,632**
General purposes of the Foundation	**1,057,109**	**(62,163)**	**994,946**
Time restrictions:			
Pledges receivable	**185,000**	**-**	**185,000**
	$ 34,119,388	**$ (1,682,669)**	**$ 32,436,719**

The following is a reconciliation of the activity in the Foundation's endowment funds for the year ended August 31, 2022:

	Net Assets with Donor Restrictions – Endowment Funds
Balance, August 31, 2021	**$ 43,114,953**
Contributions	**532,893**
Capital depreciation	**(9,721,356)**
Appropriation for expenditure	**(1,792,908)**
Reclassifications	**303,137**
Balance, August 31, 2022	**$ 32,436,719**

Note 12 Endowment Funds and Purpose Restrictions (continued)

Endowment funds consist of donor restricted net assets which are restricted for the following purposes as of August 31, 2021:

	August 31, 2021		
	Original Gift Held in Perpetuity	Cumulative Unappropriated Earnings	Total Endowment Funds
Scholarships	$ 17,868,132	$ 4,963,080	$ 22,831,212
Virginia Marx Children's Center programs and scholarships	3,157,238	624,475	3,781,713
College enhancement and enrichment	4,799,567	1,411,315	6,210,882
Dr. Hankin Gateway to the Future Fund	6,600,000	2,261,950	8,861,950
General purposes of the Foundation	1,046,559	292,637	1,339,196
Time restrictions:			
Pledges receivable	90,000	-	90,000
	$ 33,561,496	$ 9,553,457	$ 43,114,953

The following is a reconciliation of the activity in the Foundation's Endowment funds for the year ended August 31, 2021:

	Net Assets with Donor Restrictions – Endowment Funds
Balance, August 31, 2020	$ 32,865,272
Contributions	3,170,717
Capital appreciation	8,583,846
Appropriation for expenditure	(1,815,394)
Reclassifications	310,512
Balance, August 31, 2021	$ 43,114,953

Note 13 Special Events

Special events are presented net of directly related expenses in the consolidated statements of activities for the years ended August 31, 2022 and 2021. The activities are summarized as follows:

	August 31, 2022		
	Proceeds	**Expenses**	**Net Proceeds**
President's forum	**$ 54,535**	**$ 17,020**	**$ 37,515**
Great chefs	**10,136**	**2,968**	**7,168**
Celebrity salons	**3,050**	**3,187**	**(137)**
Event sponsorships	**77,500**	**-**	**77,500**
	$ 145,221	**$ 23,175**	**$ 122,046**

	August 31, 2021		
	Proceeds	Expenses	Net Proceeds
Celebrity salons	$ 68,885	$ 18,063	$ 50,822
Great chefs	52,808	11,495	41,313
	$ 121,693	$ 29,558	$ 92,135

Note 14 Related Party Transactions

Relationship with the Westchester Community College
The Foundation receives significant support from Westchester Community College. For the years ended August 31, 2022 and 2021, the Foundation received payroll and facilities support totaling $553,767 and $457,089, respectively. The Foundation provided scholarships totaling $2,514,934 and $2,232,603 for Westchester Community College students and enrichment funding to Westchester Community College programs totaling $2,573,920 and $2,435,501 for the years ended August 31, 2022 and 2021, respectively.

Support from Board of Directors
Contributions received, including pledges, from members of the Board of Directors totaled $1,173,725 and $727,026 for the years ended August 31, 2022 and 2021, respectively.

Note 14 Related Party Transactions (continued)

Pathways – The Campaign for Student Success

Beginning in the fall of 2013, the Foundation entered a comprehensive campaign to significantly improve student outcomes through programs and services designed to increase student readiness, success and overall support. The campaign has been very successful focusing on major gifts and other fundraising methods. This approach has allowed the campaign to surpass the original $30 million goal, and a new goal of $50 million was announced at the Foundation's 50th Anniversary Celebration in November 2020, with a target of reaching this mark by WCC's 75th anniversary in 2021. As of August 31, 2022, $57 million has been raised to date, and the campaign has provided funding to launch several innovative initiatives in three major categories. Examples of initiatives funded this fiscal year follow.

Student Success –

The functions of the Foundation's Scholarship office were merged with the College's office of Financial Aid to create a new division of Financial Assistance, specifically to improve students' access to scholarships, financial aid, and other sources to support the pursuit of education. Funding of $300,000 was secured to institute the Student Financial Planning software program, a product that will improve the student experience and make more dollars available to more students.

Academic Excellence –

$2 million has been raised in support of the design and construction of a new Simulated Hospital lab. Once completed, it will provide state-of-the art facilities for nursing and other health-related fields, enhance program curricula, and enable expanded enrollment in the School of Health Careers.

Scholarship Opportunities –

Recognizing that the path to equitable economic opportunity includes equitable education, PepsiCo Foundation Uplift Scholarships continue to provide opportunity for Black and Hispanic students looking to enter and/or advance in careers in Information Technology. A two-year grant of $600,000 has supported over 160 scholarships in both degree-seeking and short-term workforce programs to date.

Note 15 Retirement Plan

Tax-Deferred Annuity Plan

The Foundation maintains two tax-deferred annuity plans under Section 403(b) of the IRC. Foundation employees may make voluntary salary reduction contributions to the first plan up to the limitations provided in the IRC.

The Foundation contributes between 5% and 13% of an employee's annual salary to the second plan based on criteria including years of service after one year of employment. The Foundation's contribution for eligible employees for the years ended August 31, 2022 and 2021 were $76,637 and $37,015, respectively, and is included as a component of salaries and benefits on the consolidated statements of functional expenses.

Note 16 Fair Value Measurements

Fair values of assets measured on a recurring basis, using valuation techniques as described in Note 2, as of August 31, 2022 and 2021 are as follows:

	Assets Valued at Fair Value as of August 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds held for investment	**$ 5,743,536**	**$ 5,743,536**	**$ -**	**$ -**
Certificates of deposit	**278,944**	**-**	**278,944**	**-**
Mutual funds				
Bond funds	**537,276**	**537,276**	**-**	**-**
Equity funds	**13,895,175**	**13,895,175**	**-**	**-**
U.S. treasury notes	**10,195,743**	**-**	**10,195,743**	**-**
U.S. government and agencies securities	**898,558**	**-**	**898,558**	**-**
Corporate bonds and fixed income securities	**6,004,356**	**-**	**6,004,356**	**-**
Asset backed securities	**656,071**	**-**	**656,071**	**-**
Corporate equity securities	**15,309,050**	**15,309,050**	**-**	**-**
Preferred stock	**335,421**	**335,421**	**-**	**-**
Assets of gift annuity	**58,754**	**58,754**	**-**	**-**
Investment in partnerships	**2,580,073**	**-**	**-**	**2,580,073**
	$ 56,492,957	**$ 35,879,212**	**$ 18,033,672**	**$ 2,580,073**

Note 16 Fair Value Measurements (continued)

	Assets Valued at Fair Value as of August 31, 2021			
	Total	Level 1	Level 2	Level 3
Money market funds held for investment	$ 4,930,571	$ 4,930,571	$ -	$ -
Certificates of deposit	278,930	-	278,930	-
Mutual funds				
Bond funds	633,780	633,780	-	-
Equity funds	15,842,175	15,842,175	-	-
U.S. treasury notes	7,836,464	-	7,836,464	-
U.S. government and agencies securities	1,201,187	-	1,201,187	-
Corporate bonds and fixed income securities	8,954,400	-	8,954,400	-
Asset backed securities	809,663	-	809,663	-
Corporate equity securities	23,392,294	23,392,294	-	-
Preferred stock	388,372	388,372	-	-
Assets of gift annuity	76,928	76,928	-	-
Investment in partnerships	3,554,978	-	-	3,554,978
	$ 67,899,742	$ 45,264,120	$ 19,080,644	$ 3,554,978

Assets measured at fair value on a recurring basis using significant unobservable inputs:

	2022	2021
Investment in partnerships		
Balance, beginning of year	**$ 3,554,978**	$ 3,539,239
Purchases of Level 3 investments	**-**	244,047
Proceeds from distributions from partnerships	**(986,956)**	(278,136)
Net appreciation in fair value of partnerships	**12,051**	45,184
Investment income, net	**-**	4,644
Balance, end of year	**$ 2,580,073**	$ 3,554,978

The Foundation's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstance that caused the transfer.

Note 16 Fair Value Measurements (continued)

Liabilities measured at fair value as of August 31, 2022 and 2021 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Annuity payment liability				
August 31, 2022	**$ 59,238**	**$ -**	**$ -**	**$ 59,238**
August 31, 2021	62,280	-	-	62,280

Liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	2022	2021
Annuity payment liability		
Balance, beginning of year	**$ 62,280**	$ 65,457
Change in present value of liability	**8,721**	8,586
Payments to annuitants	**(11,763)**	(11,763)
Balance, end of year	**$ 59,238**	$ 62,280

Note 17 Liquidity and Availability of Financial Assets

The following represents the financial assets available to meet cash needs for general expenditures within one year as of August 31, 2022:

Cash and cash equivalents	$ 2,612,235
Pledges receivable in less than one year	292,000
Marketable investments	53,854,130
Investments in partnerships	2,580,073
Financial assets	59,338,438
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	(46,897,938)
Financial assets available to meet cash needs for general expenditures within one year	$ 12,440,500

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from its revenue, gains and reclassifications. In general, the Foundation maintains sufficient financial assets on hand to meet at least 90 days' worth of normal operating expenses.

Note 18 Note Payable – PPP Loan

In April 2020, the Foundation obtained a $131,900 loan, with an interest rate of 1% per annum, issued by a bank through the Small Business Administration's Paycheck Protection Program ("PPP") under Division A Title I of the Coronavirus Aid, Relief, and Economic Security Act. PPP loan payments were deferred for a period of six months until October 23, 2020. Thereafter, monthly payments of principal and interest would have been required, in equal monthly amounts, in order to amortize the amount outstanding on the note by the maturity date of April 23, 2022. PPP provides forgiveness of loan proceeds under certain terms and conditions. On June 21, 2021, the Foundation received notification from their bank that the entire amount of the loan had been forgiven and $131,900 was recorded as forgiveness of debt, PPP loan on the consolidated statement of activities.

Note 19 Property, Furniture and Equipment

Property, furniture and equipment, net consists of:

	2022	2021
Land	**$ 1,922,476**	$ 1,922,476
Rental property and improvements	**2,930,616**	2,882,022
Furniture and equipment	**21,559**	20,165
	4,874,651	4,824,663
Less: accumulated depreciation	**(936,950)**	(862,869)
Property, furniture and equipment, net	**$ 3,937,701**	$ 3,961,794

Depreciation expense for the year ended August 31, 2022 totaled $77,647, which includes $75,650 recorded in rental property expenses in the consolidated statement of functional expenses. Depreciation expense for the year ended August 31, 2021 totaled $77,278, which includes $75,027 recorded in rental property expenses in the consolidated statement of functional expenses.

Note 20 Rental Income

Homes rents a building and land to a commercial enterprise under a rental lease agreement expiring on April 30, 2024. The Agreement provides for the greater of a fixed minimum rent or a percentage rent based on Premises Gross Sales, as defined in the agreement, plus partial real estate tax reimbursement. Rental income recognized for the years ended August 31, 2022 and 2021 were $573,340 and $438,485, respectively. Rental property expenses recognized for the years ended August 31, 2022 and 2021 were $278,761 and $317,264, respectively.

Note 20 Rental Income (continued)

As of August 31, 2022, future minimum rental revenue for the remainder of the lease is as follows:

Year ending August 31,	
2023	$ 441,667
2024	303,333
	$ 745,000

Note 21 Subsequent Events

Management evaluated subsequent events through December 20, 2022, which is the date the consolidated financial statements were available to be issued.

The Foundation has adopted an Outsourced Chief Investment Officer model and has transferred investments totaling approximately $31 million to two limited partnership investment funds with a subscription date of December 1, 2022, from a variety of investment funds.