

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Westchester Community College Foundation Inc.

Opinion

We have audited the consolidated financial statements of Westchester Community College Foundation Inc. and Subsidiary (collectively referred to as the Foundation), which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 GAAS 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 GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the 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 consolidated 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 the Foundation'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 the Foundation'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.

Marcum LLP

Melville, NY
May 14, 2024

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

Assets	
Cash and cash equivalents	\$ 3,146,896
Accrued interest receivable	80,392
Prepaid expenses and other assets	472,530
Investment redemption receivable	467,000
Investment subscription in advance	5,000,000
Investments	53,565,835
Pledges receivable, net	137,132
Beneficial interest in trust	694,149
Assets of gift annuity fund	54,788
Property, furniture and equipment, net	<u>3,872,282</u>
Total Assets	<u><u>\$ 67,491,004</u></u>
Liabilities, Net Assets and Non-Controlling Interest in Subsidiary	
Liabilities	
Accounts payable and accrued expenses	\$ 367,665
Refundable advances	361,370
Annuity payment liability	<u>56,341</u>
Total Liabilities	<u>785,376</u>
Net Assets	
Without donor restrictions	9,309,495
With donor restrictions	<u>55,446,238</u>
Total Net Assets	64,755,733
Non-Controlling Interest in Subsidiary	<u>1,949,895</u>
Total Net Assets and Non-Controlling Interest in Subsidiary	<u>66,705,628</u>
Total Liabilities, Net Assets and Non-Controlling Interest in Subsidiary	<u><u>\$ 67,491,004</u></u>

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

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Gains			
Contributions, annual fundraising activities	\$ 713,072	\$ 4,598,487	\$ 5,311,559
In-kind - payroll and facilities support, Westchester Community College	522,854	--	522,854
Rental income	850,684	--	850,684
Special events, net	13,431	--	13,431
Investment income, net	498,333	3,513,883	4,012,216
Change in value of gift annuity	(1,069)	--	(1,069)
Total Revenue and Gains	<u>2,597,305</u>	<u>8,112,370</u>	<u>10,709,675</u>
Reclassifications			
Net assets released from restrictions			
Satisfaction of program restrictions	<u>4,297,057</u>	<u>(4,297,057)</u>	<u>--</u>
Total Reclassifications	<u>4,297,057</u>	<u>(4,297,057)</u>	<u>--</u>
Total Revenue, Gains and Reclassifications	<u>6,894,362</u>	<u>3,815,313</u>	<u>10,709,675</u>
Expenses			
Program services	4,394,255	--	4,394,255
Management and general	659,265	--	659,265
Fundraising	<u>500,507</u>	<u>--</u>	<u>500,507</u>
Total Expenses	<u>5,554,027</u>	<u>--</u>	<u>5,554,027</u>
Change in Net Assets Including			
Non-Controlling Interests	1,340,335	3,815,313	5,155,648
Non-controlling interests in earnings of subsidiary	<u>233,889</u>	<u>--</u>	<u>233,889</u>
Change in Net Assets Westchester Community College Foundation Inc.	1,106,446	3,815,313	4,921,759
Net Assets, Beginning of Year	<u>8,203,049</u>	<u>51,630,925</u>	<u>59,833,974</u>
Net Assets, End of Year	<u>\$ 9,309,495</u>	<u>\$ 55,446,238</u>	<u>\$ 64,755,733</u>

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

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2023

	Program Services	Management and General	Fundraising	Total
Grants, scholarships awarded	\$ 2,638,288	\$ --	\$ --	\$ 2,638,288
Grants, institutional enrichment	1,127,654	--	--	1,127,654
Salaries and benefits	528,084	254,971	382,975	1,166,030
Real estate taxes	--	209,258	--	209,258
Professional fees	29,622	58,908	61,925	150,455
Donor, Alumni and Community Relations	46,543	--	39,647	86,190
Depreciation	86	69,540	536	70,162
Office administrative costs	8,423	25,534	7,190	41,147
Insurance	575	23,380	3,573	27,528
Software support	750	17,674	4,661	23,085
Conferences, conventions and meetings	14,230	--	--	14,230
	<u>\$ 4,394,255</u>	<u>\$ 659,265</u>	<u>\$ 500,507</u>	<u>\$ 5,554,027</u>

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

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ 5,155,648
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	70,162
Contributions restricted for endowment	(607,055)
Realized and unrealized gains on investments	(2,765,489)
Net decrease in assets of gift annuity fund	3,966
Changes in assets and liabilities:	
Pledges receivable	256,803
Accrued interest receivable	2,799
Prepaid expenses and other assets	(444,477)
Beneficial interest in trust	(694,149)
Accounts payable and accrued expenses	(1,205,114)
Refundable advances	135,252
Annuity payment liability	<u>(2,897)</u>
Net Cash Provided by Operating Activities	<u>(94,551)</u>
Cash Flows From Investing Activities	
Purchase of property, furniture and equipment	(4,743)
Purchases of investments	(30,957,545)
Purchase of investment subscription	(5,000,000)
Investment redemption receivable	(467,000)
Proceeds from sales of investments	<u>36,591,402</u>
Net Cash Provided by Investing Activities	<u>162,114</u>
Cash Flows Used in Financing Activities	
Contributions restricted for endowment	607,055
Distributions to non-controlling interest member	<u>(139,957)</u>
Net Cash Used in Financing Activities	<u>467,098</u>
Net Increase in Cash and Cash Equivalents	534,661
Cash and Cash Equivalents, Beginning of Year	<u>2,612,235</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,146,896</u>

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

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

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 WCC provides scholarships and emergency support for its incoming, continuing and graduating students. The Foundation also provides funds for faculty development, educational programming and college operating and capital expenditures. The Foundation’s support strengthens and enriches the educational life and environment of WCC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

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”).

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, “*Not-for-Profit Entities*”. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Foundation and its sixty-percent-owned subsidiary, County Homes LLC (collectively referred to as the “Foundation”). All significant intercompany transactions and accounts have been eliminated in consolidation.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of consolidated 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

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.

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.

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.

IMPAIRMENT OF LONG-LIVED ASSETS

The Foundation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended August 31, 2023.

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

The Foundation reports investments at fair value. The estimated fair value of alternative investments is based upon net asset value (“NAV”) as a practical expedient, which is provided by external investment managers. Because such investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Gains and losses are based on the trade date for investments. The principal objective of the Foundation’s alternative investment selection is to enhance the risk-adjusted returns of the Foundation’s total asset portfolio. The Foundation manages this investment exposure through a process of careful selection of an Outsourced Chief Investment Officer, detailed initial due diligence, continuing periodic diligence and monitoring, and limitation of exposure to any investment strategy or manager.

FAIR VALUE MEASUREMENTS

The Foundation has measured its applicable financial instruments at fair value on a recurring basis based on the required three-level fair value hierarchy, defined 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.

The Foundation’s investments, as disclosed in Note 3, as well as the beneficial interest in trust disclosed below, are valued at fair value.

MONEY MARKET FUNDS

Valued at the daily closing price as reported by the fund. Money market 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 NAV and to transact at that price.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED INCOME

Includes domestic and international bonds valued 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.

INVESTMENTS IN PARTNERSHIPS

The Foundation follows accounting guidance that permits a practical expedient for investments where fair value is measured at NAV per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited partnership interests, without quoted prices.

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 and 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.

BENEFICIAL INTEREST IN TRUST

During 2023, the Foundation became the recipient of an irrevocable beneficial interest in a charitable remainder unitrust. The trust assets are held by an outside trustee. The Foundation's interest in the trust is valued using a discounted cash flow analysis of the beneficial interest in future cash flows based on assumed timing and duration of those cash flows and as a result, is considered a level 3 financial instrument in the fair value hierarchy. The receivable is discounted using a rate of return of 4.8% as of August 31, 2023, and totaled \$694,194 at August 31, 2023, which is included as an asset in the accompanying consolidated statement of financial position and as donor restricted contribution revenue in the accompanying consolidated statement of activities. The discount rate is based on applicable actuarial tables from the Internal Revenue Service.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

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.

REVENUE RECOGNITION

Unconditional contributions are recognized as revenue at fair value when received or when an unconditional promise to give has been made. Contributions of cash or non-cash assets are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome. The Foundation had three grants from foundations which totaled approximately \$603,000 which were conditional upon performance measurements and therefore not yet recognized as revenue as of August 31, 2023. Contributions with donor restrictions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Pledges receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount is included in contribution revenue. The risk adjusted discount rate is established at the time the pledges are received. For the year ended August 31, 2023, a discount rate of 4.5% was 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, current economic conditions and management's estimates of the creditworthiness of its contributors.

Refundable advances are 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Rental income is recognized ratably over the lease term as it accrues under the executed lease agreement.

Special event revenue is recognized at the time of the event.

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.

As further described in Note 7, the salaries and benefits of certain Foundation personnel are provided by the College and are included in salaries and benefits on the accompanying consolidated statement of functional expenses. The Foundation records supporting services at the fair value of those services, which in this case, are valued at actual costs incurred by the College, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. Donated services are recognized both as revenue and support and expenses at estimated fair value on the date of receipt.

DONATED FACILITIES SUPPORT

Donated facilities support is recorded at fair value, based on the cost per square foot to rent out a similar facility.

FUNCTIONAL EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to a specific functional area of the Foundation are reported as expenses in that functional area. Certain shared costs such as salaries and benefits are allocated based on time spent while other shared costs such as office administrative costs, professional fees, insurance and software support have been allocated based on estimates determined by management to be equitable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Foundation recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the consolidated statement of activities.

Homes accounts for income taxes under the provisions of FASB Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which requires an asset and liability approach for financial reporting of income taxes. There was no provision for income tax expense for Homes for the year ended August 31, 2023, since Homes had no net taxable income.

LEASES

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and a liability based on the value of the discounted future lease payments. The Foundation adopted this standard during the year ended August 31, 2023, related to the rental lease agreement described in Note 11 in which Homes is the lessor. The adoption of ASU 2016-02 did not impact the Foundation’s results of operations and cash flows.

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 3 – INVESTMENTS

Fair values of assets measured on a recurring basis, using valuation techniques as described in Note 2, as of August 31, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,293,856	\$ 3,293,856	\$ --	\$ --
Fixed income	10,746,660	--	10,746,660	--
Limited partnership share	<u>564,250</u>	<u>--</u>	<u>--</u>	<u>564,250</u>
Investments measured in Fair Value Hierarchy	14,604,766	<u>\$ 3,293,856</u>	<u>\$ 10,746,660</u>	<u>\$ 564,250</u>
Investments at NAV:	<u>38,961,069</u>			
Total Investments	<u>\$ 53,565,835</u>			

The Foundation invests in certain entities that calculate NAV per share in accordance with guidance relative to investment companies, and these investments are reported at fair value based on the NAV per share, as reported by the investee. A summary of the significant categories of such investments and their attributes as of August 31, 2023, is as follows:

	Fair Value ^(a)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
TIFF Multi-Asset Fund ^(b)	\$ 2,100,491	\$ --	Daily	None
TIFF Centerstone Fund ^(c)	21,654,899	--	Quarterly	75/180 days ^(c)
TIFF Global Equity Fund ^(d)	5,435,245	--	Quarterly	65/180 days ^(d)
TIFF Keystone Fund ^(e)	7,817,829	--	Quarterly	^(e)
Hancock Timberland XI, L.P. ^(f)	1,232,425	83,945	Not applicable	Not applicable
Linx Partners III, L.P. ^(g)	<u>720,180</u>	<u>329,765</u>	Not applicable	Not applicable
Total	<u>\$ 38,961,069</u>	<u>\$ 413,710</u>		

^(a) Certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 3 – INVESTMENTS (CONTINUED)

- (b) TIFF Multi-Asset Fund (“MAF”) – The MAF is an investment vehicle under the TIFF Investment Program, Inc. (“TIP”). TIP is a no-load, open-end management investment company that currently consists of one mutual fund – MAF. MAF is available primarily to foundations, endowments, other 501(c)(3) organizations, and certain other non-profit organizations that meet TIP’s eligibility requirements. The fund’s investment objective is to attain a growing stream of current income and appreciation of principal that at least offsets inflation.

- (c) The TIFF Centerstone Fund (“TCF”), a Delaware limited partnership, employs strategies including diversification across multiple asset classes globally and active security selection, but no private investments. TCF’s objective is to achieve a total return net of expenses that, over a majority of market cycles, exceeds inflation as measured by the Consumer Price Index, plus 5% per annum. TCF expects to make cash distributions, which will be made quarterly or annually at the election of each limited partner. A limited partner generally has the right to withdraw, all or any portion of a capital contribution, as adjusted for net capital appreciation and net capital depreciation on such amount, upon providing the general partner at least 75 days prior written notice; provided, however, that 180 days’ notice is required for any withdrawal in excess of 25% of the capital contribution, as adjusted for net capital appreciation and net capital depreciation on such amount.

- (d) The TIFF Global Equity Fund (“GEF”), a Delaware limited partnership, employs strategies including diversification across multiple asset classes globally and active security selection, but no private investments. GEF’s objective is to achieve a total return net of fees and expenses that exceeds the MSCI All Country World Index. GEF’s portfolio serves as the primary equity and equity-like assets of TCF (noted above). GEF expects to make cash distributions, which will be made quarterly or annually at the election of each limited partner. A limited partner generally has the right to withdraw, all or any portion of a capital contribution, as adjusted for net capital appreciation and net capital depreciation on such amount, upon providing the general partner at least 65 days prior written notice; provided, however, that 180 days’ notice is required for any withdrawal in excess of 25% of the capital contribution, as adjusted for net capital appreciation and net capital depreciation on such amount.

- (e) The TIFF Keystone Fund (“TKF”), a Delaware limited partnership, employs strategies including hedge fund strategies, private equity strategies, private real estate strategies and other resource strategies. TKF’s objective is to achieve a total return that, over a majority of market cycles, exceeds inflation plus 5% per annum. TKF is subject to quarterly

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 3 – INVESTMENTS (CONTINUED)

redemption with a 75-day redemption notice period and up to 180 days at the discretion of the General Partner. Purchases are subject to a one year lock up period. At least 50% (and up to 100%) of any amount withdrawn will be paid within 30 days. The remaining amount will be paid as soon as possible, but no later than three years from the redemption date.

- (f) Hancock Timberland XI, L.P. manages timberland investments on a long-term sustainable basis while actively engaging in conservation transactions to protect sensitive lands. The investment objective is to achieve long-term asset appreciation, capital preservation, and moderate income through the purchase and active management of a timber and timberland portfolio diversified by geography, species, product and maturity.
- (g) Linx Partners III, L.P., a Delaware limited partnership, is a private equity fund formed for the purpose of achieving capital appreciation primarily through making investments in securities issued by lower middle market companies in the United States. The scheduled end date of the fund is December 31, 2025, which reflects a two-year extension opted for by the General Partner. Further extensions may be granted with the approval of two-thirds or more of the aggregated interest of all limited partners.

Investment return for the year ended August 31, 2023 is summarized as follows:

Interest and dividends	\$ 1,364,846
Realized and unrealized gain	2,765,489
Investment management fees	<u>(118,119)</u>
Net Investment Return	<u>\$ 4,012,216</u>

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.

The Foundation made an incremental investment in TCF of \$5 million during August 2023 with a subscription date of September 1, 2023. Such funds are reported as Subscription in Advance in the accompanying statement of financial position.

The Foundation receives quarterly distributions of its investments at TIFF of 5%, annualized.

A quarterly distribution of \$467,000 was withdrawn from the Foundation's investments in TIFF at August 31, 2023, and is reported as investment redemption receivable in the accompanying statement of financial position.

**WESTCHESTER COMMUNITY COLLEGE FOUNDATION INC.
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FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 4 – 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 year ended August 31, 2023 as follows:

Scholarships	\$ 2,717,637
College enhancement and enrichment	1,274,006
Dr. Hankin Gateway to the Future Fund	<u>305,414</u>
Total	<u>\$ 4,297,057</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 are available for the following purposes:

	Purpose and/or Time Restriction	Perpetual Restriction	Total
Scholarships	\$ 9,554,182	\$ 18,887,996	\$ 28,442,178
College enhancement and enrichment	6,144,364	5,024,100	11,168,464
Virginia Marx Children’s Center programs and scholarships	2,614,412	3,157,238	5,771,650
Dr. Hankin Gateway to the Future Fund	1,701,843	6,600,000	8,301,843
General purpose	10,845	1,057,109	1,067,954
Beneficial interest in trust	<u>694,149</u>	<u>-</u>	<u>694,149</u>
Total	<u>\$ 20,719,795</u>	<u>\$ 34,726,443</u>	<u>\$ 55,446,238</u>

NOTE 6 – ENDOWMENT

The Foundation’s endowment is composed of donor-restricted endowment funds.

INTERPRETATION OF RELEVANT LAW

Based on the interpretations of the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) and GAAP and absent explicit donor stipulations to the contrary, the Foundation classifies donor restricted net assets at (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetual endowment funds is classified as net assets with donor-imposed purpose restrictions until those amounts are appropriated for expenditure by the Foundation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 6 – ENDOWMENT (CONTINUED)

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation 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 and assuming a moderate level of investment risk.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

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.

SPENDING POLICY

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 preceding 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 sustainability fee.

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation's policy is to continue to appropriate from such individually deficient funds in accordance with its spending policy. Deficiencies of this nature exist in 8 (out of 161) donor-restricted endowment funds, which together have an original gift value of \$3,482,952, a current fair value of \$3,287,544, and a deficiency of \$195,408 as of August 31, 2023.

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FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 6 – ENDOWMENT (CONTINUED)

Endowment funds consist of donor restricted net assets for the following purposes as of August 31, 2023:

	Original Gift Held in Perpetuity	Appreciation	Total Endowment Funds
Scholarships	\$ 18,887,996	\$ 2,576,513	\$ 21,464,509
Virginia Marx Children’s Center programs and scholarships	3,157,238	2,343,987	5,501,225
College enhancement and enrichment	5,024,100	1,576,669	6,600,769
Dr. Hankin Gateway to the Future Fund	6,600,000	1,570,247	8,170,247
General purpose	<u>1,057,109</u>	<u>10,845</u>	<u>1,067,954</u>
	<u>\$ 34,726,443</u>	<u>\$ 8,078,261</u>	<u>\$ 42,804,704</u>

The following is a reconciliation of the activity in the Foundation’s endowment funds for the year ended August 31, 2023:

Endowment net assets, August 31, 2022	\$ 39,827,764
Contributions	607,055
Net investment return	3,513,883
Appropriation of endowment for expenditure	<u>(1,143,999)</u>
Endowment Net Assets, August 31, 2023	<u>\$ 42,804,704</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

In-kind salaries and related payroll expenses for certain Foundation personnel of \$475,310 were provided by WCC for 2023. In addition, the College provided in-kind office facilities to the Foundation with a value of \$47,544 for 2023. The revenue is reported as in-kind payroll and facilities support, Westchester Community College, in the accompanying consolidated statement of activities. The related expenses are included in salaries and benefits and office administrative costs in the accompanying consolidated statement of functional expenses. The Foundation provided scholarships totaling \$2,638,288 for WCC students and enrichment funding to WCC programs totaling \$1,127,654, for the year ended August 31, 2023.

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NOTE 8 – RETIREMENT PLAN

TAX-DEFERRED ANNUITY PLAN

The Foundation maintains two tax-deferred annuity plans under Section 403(b) of the Internal Revenue Code (“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. The Foundation’s contribution for eligible employees for the year ended August 31, 2023, were \$41,063 and is included as a component of salaries and benefits on the consolidated statement of functional expenses.

NOTE 9 – 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, 2023:

Cash and cash equivalents	\$ 3,146,896
Accrued interest receivable	80,392
Pledges receivable in less than one year	52,250
Investments	53,565,835
Subscription in advance	5,000,000
Investment redemption receivable	<u>467,000</u>
Financial Assets	62,312,373
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	<u>(50,000,613)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 12,311,760</u>

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.

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NOTE 10 – PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment, net consists of:

Land	\$ 1,922,476
Rental property and improvements	2,930,616
Furniture and equipment	<u>26,302</u>
	4,879,394
Less: accumulated depreciation	<u>(1,007,112)</u>
Property, Furniture and Equipment, Net	<u>\$ 3,872,282</u>

Depreciation expense for the year ended August 31, 2023 totaled \$70,162.

NOTE 11 – RENTAL INCOME

Homes rents a building and land to a commercial enterprise under a rental lease agreement expiring on April 30, 2031. 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 year ended August 31, 2023, was \$850,684. Rental property expenses recognized for the year ended August 31, 2023 were \$291,456. Under GAAP, all fixed rent increases are recognized on a straight-line basis over the term of the lease.

As of August 31, 2023, future minimum rentals were as follows:

Year ending August 31,	Amount
2024	\$ 552,000
2025	552,000
2026	471,167
2027	465,000
2028	485,000
Thereafter	<u>1,293,333</u>
	<u>\$ 3,818,500</u>

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NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events through May 14, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these consolidated financial statements.