Financial Statements and Report of Independent Certified Public Accountants

AHRC New York City Foundation, Inc.

June 30, 2019 and 2018

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
AHRC New York City Foundation, Inc.

We have audited the accompanying financial statements of AHRC New York City Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

GrantThornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AHRC New York City Foundation, Inc. as of June 30, 2019, 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.

Other Matter

The financial statements of AHRC New York City Foundation, Inc. as of and for the year ended June 30, 2018 were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated December 7, 2018.

Grant Thornton LLP

New York, New York
March 9, 2020

AHRC New York City Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 754,505	$ 1,149,919
Investments	30,710,194	30,794,027
Interest receivable	-	30,682
Pledges receivable	21,400	24,550
Prepaid expenses	5,000	11,793
Fixed assets, net of accumulated depreciation of $3,653	41,137	-
Total assets	$ 31,532,236	$ 32,010,971
LIABILITIES AND NET ASSETS		
Liabilities		
Due to related party	$ 253,770	$ 600,134
Refundable advance	100,000	100,000
Accrued expenses and other liabilities	9,223	7,256
Total liabilities	362,993	707,390
Net assets		
Without donor restrictions	30,048,334	30,296,146
With donor restrictions	1,120,909	1,007,435
Total net assets	31,169,243	31,303,581
Total liabilities and net assets	$ 31,532,236	$ 32,010,971

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

AHRC New York City Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Contributions and other income	$ 607,494	$ 7,378	$ 614,872
Special event revenues, net of direct expenses of $362,684	814,697	105,330	920,027
Realized and unrealized gains on securities	579,839	28,806	608,645
Dividends and interest	569,774	21,960	591,734
Net assets released from restrictions	50,000	(50,000)	-
Total revenues and gains	2,621,804	113,474	2,735,278
Expenses			
Program services	2,173,316	-	2,173,316
Management and general	277,667	-	277,667
Fundraising	418,633	-	418,633
Total expenses	2,869,616	-	2,869,616
Decrease in net assets	(247,812)	113,474	(134,338)
Net assets at beginning of year	30,296,146	1,007,435	31,303,581
Net assets at end of year	$ 30,048,334	$ 1,120,909	$ 31,169,243

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Contributions and other income	$ 525,998	$ -	$ 525,998
Special event revenues, net of direct expenses of $421,362	1,054,990	-	1,054,990
Realized and unrealized gains on securities	950,752	31,061	981,813
Dividends and interest	634,947	17,872	652,819
Total revenues and gains	3,166,687	48,933	3,215,620
Expenses			
Program services	1,416,413	-	1,416,413
Management and general	271,750	-	271,750
Fundraising	537,062	-	537,062
Total expenses	2,225,225	-	2,225,225
Increase in net assets	941,462	48,933	990,395
Net assets at beginning of year	29,354,684	958,502	30,313,186
Net assets at end of year	$ 30,296,146	$ 1,007,435	$ 31,303,581

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Grants	$ 2,044,816	$ -	$ -	$ 2,044,816
Salaries	96,003	96,003	192,005	384,011
Payroll taxes and fringes	11,238	11,238	22,475	44,951
Special event expenses	-	-	362,684	362,684
Printing and stationery	1,689	3,377	28,708	33,774
Insurance	492	985	8,369	9,846
Postage	194	388	3,299	3,881
Guest travel	-	-	10,267	10,267
Consulting	-	146,792	115,743	262,535
Rent and utilities	4,741	4,741	9,482	18,964
Depreciation	913	913	1,827	3,653
Miscellaneous	13,230	13,230	26,458	52,918
Total expenses	2,173,316	277,667	781,317	3,232,300
Less: Special event expenses	-	-	(362,684)	(362,684)
Total expenses as reported on the statement of activities	$ 2,173,316	$ 277,667	$ 418,633	$ 2,869,616

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Grants	$ 1,299,740	$ -	$ -	$ 1,299,740
Salaries	77,019	77,019	154,039	308,077
Payroll taxes and fringes	12,261	12,261	43,593	68,115
Special event expenses	-	-	421,362	421,362
Printing and stationery	2,481	2,481	44,654	49,616
Insurance	455	911	7,739	9,105
Postage	519	1,038	8,826	10,383
Guest travel	-	-	13,115	13,115
Consulting	-	154,102	179,988	334,090
Rent and utilities	6,133	6,133	21,808	34,074
Miscellaneous	17,805	17,805	63,300	98,910
Total expenses	1,416,413	271,750	958,424	2,646,587
Less: Special event expenses	-	-	(421,362)	(421,362)
Total expenses as reported on the statement of activities	$ 1,416,413	$ 271,750	$ 537,062	$ 2,225,225

The accompanying notes are an integral part of this financial statement.

AHRC New York City Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (134,338)	$ 990,395
Adjustments to reconcile net assets to net cash (used in) provided by operating activities:		
Depreciation	3,653	-
Unrealized gains on investments	231,928	(294,221)
Realized gains on investments	(840,573)	(687,592)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Interest receivable	30,682	-
Pledges receivable	3,150	94,720
Prepaid expenses	6,793	18,722
Accrued expenses and other liabilities	1,967	1,199
Net cash (used in) provided by operating activities	(696,738)	123,223
Cash flows from investing activities:		
Purchase of investments	(17,341,902)	(7,409,662)
Proceeds from sales of investments	18,034,380	6,691,578
Acquisition of fixed assets	(44,790)	-
Net cash provided by (used in) investing activities	647,688	(718,084)
Cash flows from financing activities:		
Net advances from affiliate	(346,364)	366,330
Net decrease in cash and cash equivalents	(395,414)	(228,531)
Cash and cash equivalents, beginning of year	1,149,919	1,378,450
Cash and cash equivalents, end of year	$ 754,505	$ 1,149,919

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

NOTE 1 - NATURE OF ACTIVITIES

AHRC New York City Foundation, Inc. (the "Foundation") is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed for the purpose of raising funds for the exclusive benefit of developmentally disabled persons in New York City and to supplement the programs and activities available from state funds for such persons.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adopted Accounting Pronouncements

As of July 1, 2018, the Foundation adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information regarding liquidity;
- Presenting investment return net of external and direct internal investment expenses; and,
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

As of July 1, 2018, the Foundation adopted the FASB ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), using the modified retrospective approach. ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") ASC 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU 2014-09 requires enhanced disclosures of revenue arrangements. The Foundation has determined post-adoption of ASU 2014-09 that there is no change to the timing of revenue recognition.

As of July 1, 2018, the Foundation adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU have assisted in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation has determined that the adoption of this pronouncement had an immaterial impact on the Foundation's financial statements.

Basis of Presentation

Net Assets

Net assets and related revenues and support are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Foundation to utilize for carrying on the Foundation's general mission in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Foundation's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of the Foundation pursuant to those stipulations. In addition, net assets with donor restrictions also include net assets whereby the respective donors have stipulated that the corpus contributed be invested and/or maintained in perpetuity. Income earned from these investments is available for expenditures according to restrictions, if any, imposed by donors.

Contributions, Grants and Bequests

Contributions, grants and bequests including unconditional promises to give (pledges) are recognized as revenue when the conditions on which they depend have been substantially met.

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions, if any. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, the receipt of any restricted contributions whose restrictions expire, or are otherwise satisfied within the period of receipt, are reported as revenue without donor restrictions in the statement of activities.

Investments

Investments consist of common stocks, U.S. government and mortgage-backed obligations, and corporate bonds and are stated at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Generally, the fair value of investments is determined by reference to quoted market prices as of the reporting date.

Securities are subject to various risks that determine the value of the investments. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonable that changes in market conditions in the near-term could materially affect the value of the investments reported in the financial statements.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). It updates the Uniform Management of Institutional Funds Act, which had governed charitable endowment funds since 1978. NYPMIFA makes several important changes to prior law. Most importantly, NYPMIFA drops the requirement that institutions maintain the "historic dollar value" or original dollar amount of a gift. Instead, NYPMIFA sets forth certain investment and expenditure standards to ensure that endowment funds are used and maintained in a prudent manner. NYPMIFA also imposes decision-making and corporate governance requirements on institutions and their boards.

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In determining the specific investment strategy, the Foundation and its investment advisors focus heavily on the purpose of the investment portfolio. Other considerations include spending and investment goals, range of investment alternatives, liquidity constraints, number of investments and geographical, currency and taxation matters, risk and diversification. Portfolios must be appropriate in order to be sustainable for the long-term. When adopting the Foundation's approach, basic economic drivers are considered as well as three fundamental economic groupings of scenarios: growth, inflation and deflation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pledges Receivables, Net of Allowance

Pledges receivable are expected to be collected within one year and are recorded at net realizable value. Pledges receivable are periodically evaluated for collectability. Changes in the estimated collectability of the receivables are recorded in the statement of activities in the period in which the estimate is revised.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Foundation maintains its cash balances in three financial institutions. At various times throughout the years ended June 30, 2019 and 2018, the Foundation maintained balances in excess of the Federal Deposit Insurance Corporation insured limits. The Foundation has not experienced any losses in such accounts.

Depreciation and Amortization

Depreciation and amortization is provided on the straight-line basis to amortize the cost of the respective assets over their estimated useful lives as follows:

Leasehold improvements	2-25 years
Equipment	3-15 years
Computer hardware	3-5 years

Additions and betterments are capitalized, whereas cost of maintenance and repairs are charged to expense as incurred.

Grant Expense

Unconditional grants are recognized as expense in the period the grant is awarded and the recipient is notified. Conditional grants are recognized as expense when the conditions on which they depend have been substantially met.

The Foundation recognized grant expense of approximately $2,045,000 and $1,300,000 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the Foundation had $456,000 and $1,692,000 of conditional grants outstanding, respectively.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and non-endowment investments.

The following table presents the total financial assets held by the Foundation as of June 30, 2019 that could be readily made available within one year of the statement of financial position date to meet general expenditures such as operating expenses, fixed asset purchases and repayments of affiliate loans:

Cash and cash equivalents	$ 754,505
Investments	30,710,194
Less: Endowment assets	(1,008,201)
Total financial assets available to meet cash needs for general expenditures within one year	$ 30,456,498

The funds available for investment are divided into the following classes based on the projected cash flows for the following periods:

- Short-term investments are monies reasonably anticipated to be needed to operate the Foundation for the next twelve-month period.
- Intermediate-term investments are monies reasonably anticipated to be in excess of those needed for the next twelve- and less than thirty-six month period.
- Long-term investments are monies reasonably anticipated to be in excess of those needed for at least the next thirty-six months.

NOTE 4 - INVESTMENTS

The Foundation follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure and report fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure and report fair value.

The following describes the hierarchy of inputs used to measure and report fair value and the primary valuation methodologies used by the Foundation for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets that the Foundation has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such assets and liabilities. Investments included in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange traded funds.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the respective asset or liability. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full-term of the assets or liabilities. Inputs are obtained from various sources, including market participants, dealers and brokers.

Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 estimate of fair value at the reporting date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Foundation considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is, therefore, based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that investment.

Investments, at fair value, are summarized as follows:

	2019			2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Common stocks*	$ 12,263,518	$ -	$ 12,263,518	$ 10,924,132	$ -	$ 10,924,132
Mutual funds*	6,889,592	-	6,889,592	9,159,671	-	9,159,671
Bonds and U.S. Treasury obligations	-	11,557,084	11,557,084	-	10,710,224	10,710,224
Total	$ 19,153,110	$ 11,557,084	$ 30,710,194	$ 20,083,803	$ 10,710,224	$ 30,794,027

* Common stocks and mutual funds consist of securities in a multitude of different industries including energy, entertainment, healthcare, information technology, retail, financial services, international funds, among many others, with no single industry group prevailing.

Bonds and US Treasury obligations includes 68% and 56% government bonds and 32% and 44% investment grade corporate bonds as of June 30, 2019 and 2018, respectively.

For the years ended June 30, 2019 and 2018, the Foundation recognized net dividend and interest income on securities of $592,000 and $653,000, realized gains on securities of $841,000 and $688,000, and unrealized (losses) gains on securities of $(232,000) and $294,000, respectively. For the years ended June 30, 2019 and 2018, dividend and interest income are shown net of investment management fees of $155,000 and $150,000, respectively.

NOTE 5 - FIXED ASSETS, NET

Fixed assets, net, consist of the following:

	2019
Leasehold improvements	$ 28,652
Equipment	14,264
Computer hardware	1,874
	44,790
Less: accumulated depreciation and amortization	(3,653)
Total	$ 41,137

Depreciation amounted to $3,653 for the year ended June 30, 2019.

NOTE 6 - REFUNDABLE ADVANCE

During the year ending June 30, 2013, the Foundation received a transfer of assets of $100,000 with donor imposed conditions. The conditions stipulate that the donor has ten years from the date of transfer to provide instruction to the Foundation as to how to use the funds, which could result in the Foundation meeting the conditions and recognizing the funds as contribution revenue or transferring the funds to a third party. As of June 30, 2019 and 2018, management believes that the likelihood of the Foundation satisfying the donor imposed conditions is uncertain and, therefore, the funds are being reflected in the statements of financial position as a refundable advance.

NOTE 7 - RELATED PARTY TRANSACTIONS

Amounts due to related party primarily represent unpaid grants and non-interest bearing advances with no stated repayment terms, made to NYSARC, Inc., New York City Chapter ("AHRC"). AHRC has an economic interest and a degree of control over the Foundation. However, control via a majority of voting interest in the Foundation does not exist. Therefore, AHRC has opted not to consolidate the Foundation's financial activity into its consolidated financial statements. Included in management and general expenses are management fees charged by AHRC of approximately $122,000 and $136,000 for the years ended June 30, 2019 and 2018, respectively. In addition, rent and utility fees charged by AHRC amount to approximately $15,000 and $31,000 for the years ended June 30, 2019 and 2018, respectively. Grants to AHRC amount to approximately $2,045,000 and $1,300,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 8 - INCOME TAXES

The Foundation is organized under the not-for-profit corporation law of the State of New York. The Foundation has been granted exemption from federal income tax pursuant to Section 501 (c)(3) of the Internal Revenue Code. The Foundation is current with respect to its federal and New York State income tax filing requirements. Management is not aware of any issues or circumstances that would unfavorably impact its tax exempt status. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2016.

NOTE 9 - NET ASSETS

Net assets with donor restrictions as of June 30, 2019 and 2018 consists of endowment funds required to be held in perpetuity amounting to $500,515 as well as unappropriated investment earnings on those funds amounting to $507,686 and $506,920, respectively.

NOTE 10 - ENDOWMENTS

The Foundation's endowment consists of funds established for the purpose of engendering funds to support AHRC's Guardianship Program. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions, if any.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA contains provisions that govern charitable institutions' appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), that had become outdated. Most significantly, under prior law, charitable institutions were required to maintain the "historic dollar value" of endowment funds, meaning that institutions could appropriate only a prudent portion of a fund if the value of the fund was greater than the dollar value of the donor's contribution(s) to the fund (i.e., the "historic dollar value"), and the appropriation would not take the fund below that amount; or a prudent portion only of the income from the fund, if the value of the fund was less than the historic dollar value.

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to maintain historic dollar value. Prudent appropriation from an endowment fund whose value is less than its historic dollar value is permitted. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. As with prior law, NYPMIFA retains the requirement that in making any decision to appropriate, "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." It further provides a new requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from an endowment:

- The duration and preservation of the endowment fund;
- The purposes of the institution and its endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of endowment investments;
- Other resources of the institution;
- Alternatives to expenditure of the endowment fund; and
- The investment policy of the institution.

Consistent with endowment accounting for not-for-profit organizations for funds subject to an enacted version of UPMIFA, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, (c) the net realizable value of future payments to its permanent endowment net assets in accordance with the donor's gift instrument (i.e., outstanding endowment pledges, net of applicable discount), and (d) accumulations, including appreciation, gains and income, pertaining to endowment assets made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

For financial reporting purposes, donor-restricted endowment fund appreciation, gains and income are classified as part of net assets with donor restrictions (accumulated gains) until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by law. Upon appropriation, appreciation and earnings are reclassified to net assets without donor restrictions.

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

		Net Assets with Donor Restrictions		
	Net Assets without Donor Restrictions	Accumulated Earnings	Amounts Held in Perpetuity	Total
Endowment assets, June 30, 2017	$ -	$ 457,987	$ 500,515	$ 958,502
Donor gifts	-	-	-	-
Net investment return	-	48,933	-	48,933
Appropriation of investment earnings for expenditure	-	-	-	-
Endowment assets, June 30, 2018	-	506,920	500,515	1,007,435
Donor gifts	-	-	-	-
Net investment return	-	50,766	-	50,766
Appropriation of investment earnings for expenditure	-	(50,000)	-	(50,000)
Endowment assets, June 30, 2019	$ -	$ 507,686	$ 500,515	$ 1,008,201

NOTE 11 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 9, 2020, the date the financial statements were available for issuance.