

HERBERT H. LEHMAN
COLLEGE FOUNDATION, INC.
Financial Statements
June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)

HERBERT H. LEHMAN
COLLEGE FOUNDATION, INC.

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Herbert H. Lehman College Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Herbert H. Lehman College Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Herbert H. Lehman College Foundation, Inc. as of June 30, 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 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 audits.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 22, 2022

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.
 Statements of Financial Position
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 4,445,040	3,637,520
Current portion of contributions receivable, net	488,108	486,908
Prepaid expenses	87,000	-
Other assets	<u>27,874</u>	<u>9,668</u>
Total current assets	<u>5,048,022</u>	<u>4,134,096</u>
Noncurrent assets:		
Investments	7,902,140	8,324,338
Contributions receivable, net of current portion	<u>200,287</u>	<u>237,331</u>
Total noncurrent assets	<u>8,102,427</u>	<u>8,561,669</u>
Total assets	<u>\$ 13,150,449</u>	<u>12,695,765</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	110,524	-
Current portion of annuity payable	<u>700</u>	<u>700</u>
Total current liabilities	111,224	700
Annuity payable, excluding current portion	<u>785</u>	<u>785</u>
Total liabilities	<u>112,009</u>	<u>1,485</u>
Net assets:		
Without donor restrictions	1,064,184	946,980
With donor restrictions	<u>11,974,256</u>	<u>11,747,300</u>
Total net assets	<u>13,038,440</u>	<u>12,694,280</u>
Total liabilities and net assets	<u>\$ 13,150,449</u>	<u>12,695,765</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Statements of Activities

Years ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	\$ 232,437	2,768,053	3,000,490	101,895	4,627,125	4,729,020
Special events	238,123	-	238,123	203,472	-	203,472
Less direct cost of special events	(70,207)	-	(70,207)	(32,398)	-	(32,398)
Interest and dividends	-	94,001	94,001	69,557	5,418	74,975
Net realized gain (loss) from sales of investments	(371)	225,256	224,885	86,060	9,355	95,415
Unrealized gain (loss) on investments	(5,345)	(693,332)	(698,677)	919,903	74,622	994,525
Contributed nonfinancial assets	231,863	-	231,863	233,258	-	233,258
Net assets released from restrictions	2,167,022	(2,167,022)	-	1,183,343	(1,183,343)	-
Total revenue	2,793,522	226,956	3,020,478	2,765,090	3,533,177	6,298,267
Expenses:						
Program services:						
Support of College	580,971	-	580,971	185,791	-	185,791
Support of students	1,160,104	-	1,160,104	1,183,343	-	1,183,343
Total program services	1,741,075	-	1,741,075	1,369,134	-	1,369,134
Supporting services:						
Management and general	437,099	-	437,099	334,095	-	334,095
Fundraising	498,144	-	498,144	67,140	-	67,140
Total supporting services	935,243	-	935,243	401,235	-	401,235
Total expenses	2,676,318	-	2,676,318	1,770,369	-	1,770,369
Change in net assets	117,204	226,956	344,160	994,721	3,533,177	4,527,898
Net assets (deficit) at beginning of year	946,980	11,747,300	12,694,280	(47,741)	8,214,123	8,166,382
Net assets (deficit) at end of year	\$ 1,064,184	11,974,256	13,038,440	946,980	11,747,300	12,694,280

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.
 Statements of Functional Expenses
 Years ended June 30, 2022 and 2021

	2022					2021				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Support of College	Support of Students	Management and general	Fundraising	Total	Support of College	Support of Students	Management and general	Fundraising	Total
Professional fees and services	\$ 424,159	-	81,443	498,144	1,003,746	23,790	-	23,790	49,077	96,657
Personnel	-	-	102,943	-	102,943	45,372	-	136,117	18,063	199,552
Scholarships, awards and programmatic aide	-	1,160,104	-	-	1,160,104	-	1,183,343	-	-	1,183,343
Donated space and services	115,932	-	115,931	-	231,863	116,629	-	116,629	-	233,258
Supplies	30,303	-	3,111	-	33,414	-	-	1,231	-	1,231
Postage and shipping	-	-	1,077	-	1,077	-	-	110	-	110
Travel and conferences	4,827	-	821	-	5,648	-	-	8,481	-	8,481
Insurance	-	-	5,983	-	5,983	-	-	8,643	-	8,643
Subscriptions and memberships	5,350	-	2,421	-	7,771	-	-	2,569	-	2,569
Data processing	-	-	63,969	-	63,969	-	-	34,488	-	34,488
Printing and reproduction	-	-	967	-	967	-	-	1,441	-	1,441
Entertainment	400	-	-	-	400	-	-	-	-	-
Bad debt	-	-	57,673	-	57,673	-	-	-	-	-
Miscellaneous	-	-	760	-	760	-	-	596	-	596
Total expenses	\$ 580,971	1,160,104	437,099	498,144	2,676,318	185,791	1,183,343	334,095	67,140	1,770,369

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.
 Statements of Cash Flows
 Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 344,160	4,527,898
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized loss (gain) on investments	473,792	(1,089,940)
Donor restricted contributions	(2,768,053)	(4,627,125)
Changes in:		
Contributions receivable	(147,223)	1,362
Prepaid expenses	(87,000)	-
Other assets	(18,206)	-
Accounts payable	<u>110,524</u>	<u>(22,609)</u>
Net cash used in operating activities	<u>(2,092,006)</u>	<u>(1,210,414)</u>
Cash flows from investing activities:		
Purchases of investments	(340,410)	(1,207,117)
Proceeds from sales of investments	<u>288,816</u>	<u>234,322</u>
Net cash used in investing activities	<u>(51,594)</u>	<u>(972,795)</u>
Cash flows from financing activities - proceeds from donor restricted contributions	<u>2,951,120</u>	<u>4,941,449</u>
Net change in cash and equivalents	807,520	2,758,240
Cash and equivalents at beginning of year	<u>3,637,520</u>	<u>879,280</u>
Cash and equivalents at end of year	<u>\$ 4,445,040</u>	<u>3,637,520</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2022 and 2021

(1) Nature of Organization

Herbert H. Lehman College Foundation, Inc. (the Foundation) was created to support the educational endeavors of Herbert H. Lehman College (the College). In particular, the Foundation will provide scholarships and loans for students, support scholarly activities and augment College facilities and equipment. Its primary sources of revenues are contributions and investment income.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Foundation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation.

(c) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Endowment

The Foundation's endowment was established by donations made directly to the Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of explicit donor-imposed restrictions; see note 8 for endowment funds detail.

The New York Prudent Management of Institutional Funds Act (NYPMIFA) was enacted on September 17, 2010 and removes the prohibition on appropriations below the historic dollar value of endowment funds absent explicit donor stipulations to the contrary.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Endowment, Continued

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the various funds.
2. The purposes of the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

(f) Investments

The Foundation's investments are held by the City University of New York (CUNY) in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the Committee). Several investment advisory firms are engaged to assist the Committee in its investment pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds and foreign bonds. Realized and unrealized gains and losses are included in the statements of activities.

(g) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements, Continued

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used during the years ended June 30, 2022 and 2021. The investments held by the Foundation in the CUNY investment pool are classified as level 2 in the fair value hierarchy.

(h) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

(i) Allowance for Doubtful Accounts

The Foundation determines whether an allowance for uncollectible accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Receivables are charged to bad debts when they are deemed to be uncollectible based upon a periodic review of the accounts by management.

(j) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for these good or services. The Foundation utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Foundation are as follows:

Special Events

Special event revenue, excluding any contribution component, consists of a single performance obligation and revenue is recognized when the event occurs. There are minimal factors that could impact the nature, amount and timing of the uncertainties involving this revenue and the related cash flows.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Contracts with Customers, Continued

Special Events, Continued

Special event revenue is generally nonrefundable and is due before the event occurs or at the start of the event. Special event revenue is received in advance and is deferred and recognized when the event takes place.

(k) Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Unconditional promises to give and other assets, are reported at fair value at the date the contribution is received.

Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when 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 statements of activities as net assets released from restrictions.

(l) Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on management estimates.

(m) Recent Accounting Standards Issued

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gifts-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retroactive adoption of this new standard.

(n) Subsequent Events

The Foundation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Foundation and its future results and financial position is not presently determinable.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(p) Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

(q) Reclassifications

Reclassifications have been made to certain 2021 balances in order to conform them to the 2022 presentation.

(3) Liquidity

The Foundation has \$4,933,148 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$4,445,040 of cash and equivalents and \$488,108 of current receivables. Certain of these assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(4) Cash and Equivalents and Investments

(a) Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that the Foundation's deposits may not be returned in the event of a bank failure. At June 30, 2022, \$2,298,081 of the Foundation's bank balance of \$4,418,341 was exposed to custodial credit risk. At June 30, 2021, \$3,432,574 of the Foundation's bank balance of \$3,682,574 was exposed to custodial credit risk.

(b) Custodial Credit Risk - Investments

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Foundation will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2022 and 2021, the Foundation's entire investment portfolio balance of \$7,902,140 and \$8,324,338, respectively, was exposed to custodial credit risk, as it was uninsured and uncollateralized.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(5) Contributions Receivable

Contributions receivable primarily consisted of unconditional promises to give to support scholarships, awards and programmatic initiatives. A summary of contributions receivable at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$ 488,108	486,908
One to five years	<u>210,000</u>	<u>248,784</u>
	698,108	735,692
Less unamortized discount at 3.01% in 2022 and 0.87% in 2021	<u>(9,713)</u>	<u>(11,453)</u>
Contributions receivable, net	\$ <u>688,395</u>	<u>724,239</u>

Contributions receivable as reflected in the accompanying statements of financial position at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Current	\$ 488,108	486,908
Long-term	<u>200,287</u>	<u>237,331</u>
	\$ <u>688,395</u>	<u>724,239</u>

(6) Investments in CUNY Investment Pool and Related Investment Income

The Foundation's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee. Pooled investments include equity and fixed income securities amounting to \$7,902,140 and \$8,324,338 at June 30, 2022 and 2021, respectively.

The following table summarizes the activity for financial instruments during the years ended June 30, 2022 and 2021:

Balance at June 30, 2020	\$ 6,261,603
Additions	1,132,696
Withdrawals	(234,322)
Interest and dividends	74,421
Realized gain	95,415
Unrealized gain	<u>994,525</u>

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Investments in CUNY Investment Pool and Related Investment Income, Continued

Balance at June 30, 2021	\$ 8,324,338
Additions	246,409
Withdrawals	(288,816)
Interest and dividends	94,001
Realized gain	224,885
Unrealized gain	<u>(698,677)</u>
Balance at June 30, 2022	\$ <u>7,902,140</u>

A summary of investment income (loss) related to the CUNY investment pool for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 94,001	74,421
Realized gain	224,885	95,415
Unrealized gain (loss)	<u>(698,677)</u>	<u>994,525</u>
Total investment income (loss)	\$ <u>(379,791)</u>	<u>1,164,361</u>

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Time or purpose restriction:		
Educational services:		
Purpose and time restricted	\$ 4,072,116	3,422,962
Unappropriated endowment earnings	840,588	1,509,196
Endowment - educational services	<u>7,061,552</u>	<u>6,815,142</u>
	\$ <u>11,974,256</u>	<u>11,747,300</u>

During the years ended June 30, 2022 and 2021, net assets with donor restrictions were released from restrictions by incurring expenses for scholarships, awards and other expenses amounting to \$2,167,022 and \$1,183,343, respectively.

(8) Endowment Fund

The Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(8) Endowment Fund, Continued

The Foundation has adopted investment and spending policies, approved by the Board of Directors, 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 these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, 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). The Foundation targets a diversified assets allocation that places an emphasis on fixed income investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds for grant making and administration. The current spending policy is to distribute 4% of the endowment assets.

	<u>2022</u>		
	<u>Time</u> <u>restrictions</u>	<u>Endowment</u> <u>restrictions</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ 1,509,196	6,815,142	8,324,338
Contributions	-	246,410	246,410
Appropriated for distribution	(292,280)	-	(292,280)
Other transfers	(1,356)	-	(1,356)
Interest and dividends	93,104	-	93,104
Realized gain on investment	225,256	-	225,256
Unrealized gain on investments	<u>(693,332)</u>	<u>-</u>	<u>(693,332)</u>
Endowment net assets at end of year	\$ <u>840,588</u>	<u>7,061,552</u>	<u>7,902,140</u>

	<u>2021</u>		
	<u>Time</u> <u>restrictions</u>	<u>Endowment</u> <u>restrictions</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ 1,704,869	5,713,067	7,417,936
Contributions	-	1,102,075	1,102,075
Other transfers	(284,891)	-	(284,891)
Interest and dividends	5,261	-	5,261
Realized gain on investment	9,335	-	9,335
Unrealized gain on investments	<u>74,622</u>	<u>-</u>	<u>74,622</u>
Endowment net assets at end of year	\$ <u>1,509,196</u>	<u>6,815,142</u>	<u>8,324,338</u>

HERBERT H. LEHMAN COLLEGE FOUNDATION, INC.

Notes to Financial Statements, Continued

(9) Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2022</u>	<u>2021</u>
Services	\$ 215,222	203,618
Rent	<u>16,641</u>	<u>29,640</u>
	\$ <u>231,863</u>	<u>233,258</u>

Contributed services recognized are comprised of professional services related to the operations of the Foundation. Amounts represent an estimated percentage of time worked on Foundation related activity. Contributed rent represents the Foundation's share of the building in which the Foundation operates. The square footage rate used in the calculation is based on similar office space in the surrounding area.