The Brooklyn College Foundation, Inc.

Financial Statements

June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Trustees of
The Brooklyn College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Brooklyn College Foundation, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brooklyn College Foundation, Inc. as of June 30, 2019 and 2018, 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.

Baker Tilly Virchow Krause, LLP

Melville, New York
September 18, 2019

The Brooklyn College Foundation, Inc.

Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 2,934,081	$ 2,989,387
Investments (includes $1,131,117 in 2019 and $1,136,420 in 2018 held for split-interest agreements) (Notes 4 and 5)	57,256,347	55,984,268
Contributions receivable (net of allowance of $1,050,000 in 2019 and 2018) (Note 6)	938,300	1,333,400
Prepaid expenses	8,394	13,953
Total current assets	61,137,122	60,321,008
Investments (Notes 4 and 5)	37,599,468	31,392,151
Contributions receivable (Note 6)	1,559,377	2,150,139
Beneficial interest in remainder trusts (Note 5)	1,165,854	1,122,281
Beneficial interest in life insurance	174,909	192,710
Total assets	$ 101,636,730	$ 95,178,289
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,137,629	$ 2,147,989
Annuity obligations (Note 5)	100,000	100,000
Total current liabilities	2,237,629	2,247,989
Annuity obligations (Note 5)	493,889	520,822
Total liabilities	2,731,518	2,768,811
Net Assets		
Without donor restrictions:		
Undesignated	2,349,474	1,510,370
Board designated	677,028	677,028
Total net assets without donor restrictions	3,026,502	2,187,398
With donor restrictions	95,878,710	90,222,080
Total net assets	98,905,212	92,409,478
Total liabilities and net assets	$ 101,636,730	$ 95,178,289

See notes to financial statements

The Brooklyn College Foundation, Inc.

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019 (with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues, Gains, Losses and Other Support				
Contributions, grants, legacies and bequests	$ 1,438,738	$ 8,338,446	$ 9,777,184	$ 6,044,060
Investment income, net of investment fees of $70,221 in 2019 and $69,730 in 2018 (Note 4)	1,430,397	2,264,201	3,694,598	5,271,683
Change in value of split-interest agreements	(44,744)	1,166	(43,578)	(54,715)
Change in value of beneficial interest in remainder trusts	-	43,573	43,573	25,105
Change in value of beneficial interest in life insurance	-	(17,801)	(17,801)	3,798
Special events, net of direct expenses of $0 in 2019 and $84,575 in 2018	3,007	-	3,007	233,312
Donated materials and other support	130,161	-	130,161	369,441
Donated services (Note 9)	936,279	-	936,279	755,883
Donated occupancy (Note 9)	110,762	-	110,762	102,657
Miscellaneous income	18,000	2,419	20,419	53,014
Net assets released from restrictions (Note 7)	5,000,874	(5,000,874)	-	-
Total revenues, gains, losses and other support	9,023,474	5,631,130	14,654,604	12,804,238
Expenses				
Program service, college and student support	4,928,538	-	4,928,538	5,720,940
Supporting services				
Management and general	1,399,344	-	1,399,344	1,519,603
Fundraising	1,762,488	-	1,762,488	1,284,327
Total supporting services	3,161,832	-	3,161,832	2,803,930
Total expenses	8,090,370	-	8,090,370	8,524,870
Change in net assets before other changes	933,104	5,631,130	6,564,234	4,279,368
Bad debt expense	-	-	-	(14,406)
Reclassification (Note 7)	(25,500)	25,500	-	-
Transfer of artwork and collections (Note 12)	(68,500)	-	(68,500)	(25,200)
Change in net assets	839,104	5,656,630	6,495,734	4,239,762
Net Assets, Beginning of Year	2,187,398	90,222,080	92,409,478	88,169,716
Net Assets, End of Year	$ 3,026,502	$ 95,878,710	$ 98,905,212	$ 92,409,478

See notes to financial statements

The Brooklyn College Foundation, Inc.

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses and Other Support			
Contributions, grants, legacies and bequests	$ 1,786,156	$ 4,257,904	$ 6,044,060
Investment income, net of investment fees of $69,730 (Note 4)	1,288,267	3,983,416	5,271,683
Change in value of split-interest agreements	(56,148)	1,433	(54,715)
Change in value of beneficial interest in remainder trusts	-	25,105	25,105
Change in value of beneficial interest in life insurance	-	3,798	3,798
Special events, net of direct expenses of $84,575	206,812	26,500	233,312
Donated materials and other support	64,206	305,235	369,441
Donated services (Note 9)	755,883	-	755,883
Donated occupancy (Note 9)	102,657	-	102,657
Miscellaneous income	52,000	1,014	53,014
Net assets released from restrictions (Note 7)	5,622,024	(5,622,024)	-
Total revenues, gains, losses and other support	9,821,857	2,982,381	12,804,238
Expenses			
Program service, college and student support	5,720,940	-	5,720,940
Supporting services			
Management and general	1,519,603	-	1,519,603
Fundraising	1,284,327	-	1,284,327
Total supporting services	2,803,930	-	2,803,930
Total expenses	8,524,870	-	8,524,870
Change in net assets before other changes	1,296,987	2,982,381	4,279,368
Bad debt expense	-	(14,406)	(14,406)
Reclassification (Note 7)	3,183	(3,183)	-
Transfer of artwork and collections (Note 12)	(25,200)	-	(25,200)
Change in net assets	1,274,970	2,964,792	4,239,762
Net Assets, Beginning of Year	912,428	87,257,288	88,169,716
Net Assets, End of Year	$ 2,187,398	$ 90,222,080	$ 92,409,478

See notes to financial statements

The Brooklyn College Foundation, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019 (with comparative totals for 2018)

	Program Service, College and Student Support	Management and General	Fundraising	Total 2019	Total 2018
Salaries and benefits (includes donated services of $640,024 and $658,091 in management and general and $296,255 and $97,792 in fundraising expenses in 2019 and 2018, respectively)	$ -	$ 1,114,307	$ 1,200,487	$ 2,314,794	$ 2,039,913
Scholarships and awards	2,588,366	-	-	2,588,366	2,709,556
College support	1,820,517	-	-	1,820,517	2,520,326
Conferences and travel	124,745	-	12,445	137,190	115,378
Meetings	146,563	-	46,633	193,196	134,700
Supplies	178,833	9,516	380	188,729	163,028
Advertising	3,909	-	95	4,004	6,823
Printing and publications	54,026	7,285	139,167	200,478	176,325
Postage	-	1,925	79,726	81,651	80,592
Maintenance and repairs	11,579	-	-	11,579	2,925
Miscellaneous	-	18,533	42,209	60,742	80,005
Consulting and professional fees	-	157,096	147,101	304,197	316,523
Insurance	-	37,766	-	37,766	35,318
Office and computer expenses	-	28,418	7,981	36,399	40,801
Occupancy	-	24,498	86,264	110,762	102,657
Total expenses	$ 4,928,538	$ 1,399,344	$ 1,762,488	$ 8,090,370	$ 8,524,870

See notes to financial statements

The Brooklyn College Foundation, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Service, College and Student Support	Management and General	Fundraising	Total
Salaries and benefits (includes donated services of $658,091 in management and general and $97,792 in fundraising expenses)	$ -	$ 1,270,712	$ 769,201	$ 2,039,913
Scholarships and awards	2,709,556	-	-	2,709,556
College support	2,520,326	-	-	2,520,326
Conferences and travel	108,317	54	7,007	115,378
Meetings	131,181	-	3,519	134,700
Supplies	147,837	15,161	30	163,028
Advertising	6,823	-	-	6,823
Printing and publications	49,079	1,812	125,434	176,325
Postage	952	2,016	77,624	80,592
Maintenance and repairs	2,925	-	-	2,925
Miscellaneous	-	31,599	48,406	80,005
Consulting and professional fees	43,944	102,655	169,924	316,523
Insurance	-	35,318	-	35,318
Office and computer expenses	-	37,571	3,230	40,801
Occupancy	-	22,705	79,952	102,657
Total expenses	$ 5,720,940	$ 1,519,603	$ 1,284,327	$ 8,524,870

See notes to financial statements

The Brooklyn College Foundation, Inc.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 6,495,734	$ 4,239,762
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term investment	(4,518,510)	(259,192)
Contributions restricted for annuity agreements	(21,588)	(24,960)
Realized gain on sale of investments	(2,008,728)	(2,831,512)
Unrealized gain on investments	(718,230)	(1,720,930)
Change in value of split-interest agreements	43,578	54,715
Change in value of beneficial interest in remainder trusts	(43,573)	(25,105)
Change in beneficial interest in life insurance	17,801	(3,798)
Bad debt expense	-	14,406
Change in present value of pledge discount	(41,738)	(99,745)
Transfer of artwork and collections	68,500	25,200
Donated artwork and collections	(68,500)	(25,200)
Decrease in assets		
Contributions receivable	912,600	1,017,221
Prepaid expenses	5,559	6,538
Decrease in liabilities		
Accounts payable and accrued expenses	(10,360)	(121,568)
Net cash provided by operating activities	112,545	245,832
Cash Flows from Investing Activities		
Purchase of investments	(15,259,892)	(23,569,512)
Proceeds from sales of investments	10,507,454	25,164,645
Net cash (used in) provided by investing activities	(4,752,438)	1,595,133
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment in endowment	4,633,510	568,391
Proceeds from contributions restricted for annuity obligations	55,089	64,399
Payments to annuitants	(104,012)	(101,576)
Net cash provided by financing activities	4,584,587	531,214
Net (decrease) increase in cash and cash equivalents	(55,306)	2,372,179
Cash and Cash Equivalents, Beginning of Year	2,989,387	617,208
Cash and Cash Equivalents, End of Year	$ 2,934,081	$ 2,989,387

See notes to financial statements

1. Nature of Organization

The Brooklyn College Foundation, Inc. (the "Foundation"), located in Brooklyn, New York is incorporated under the laws of the State of New York as a nonprofit corporation to assist Brooklyn College (the "College") by developing an ongoing and increasing base of support from alumni and friends of the College. The Foundation is supported primarily by contributions and investment income.

The Board of Trustees of the Foundation manages all funds held in trust by the Foundation in accordance with its act of incorporation. The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding provisions of state laws and, accordingly, is not subject to federal or state income taxes; however, it pays unrelated business income tax on the income from certain limited partnerships. The Internal Revenue Service ("IRS") has classified the Foundation as an organization that is not a private foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting.

Cash and Cash Equivalents

The Foundation defines cash and cash equivalents as highly liquid, short-term investments with a maturity date at the date of acquisition of three months or less, except for cash and cash equivalents held by investments managers which are included in investments.

Investments and Investment Income

Investments in mutual funds and common stock are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in hedge funds, limited liability corporations, and limited partnerships are recorded at their net asset value as provided by the fund managers. The Foundation reviews and evaluates the values provided by the fund managers for reasonableness. Donated investments are reported at fair value at the date of receipt.

Investment income is recognized when earned. Investment income (including realized and unrealized gains and losses on investments and interest and dividends) is included in the change in net assets without donor restrictions unless donor stipulation or law restricts the income or loss. Gains and losses on the sale of investments are based on an identified cost basis. Investment fees have been netted against investment income in the statements of activities and changes in net assets.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

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.

Allowance for Doubtful Accounts and Bad Debt Expense

Contributions receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the contributions receivable by management. Factors used to determine whether an allowance should be recorded include the age of the receivable, a review of payments subsequent to year end, historical information, and other factors.

Beneficial Interest in Remainder Trusts

The beneficial interest in remainder trusts is recorded at fair value.

Beneficial Interest in Life Insurance

The beneficial interest in life insurance is recorded based on the cash surrender value of a life insurance policy.

Net Assets

The net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Foundation. Board designated net assets represent funds without donor restrictions which may, from time to time, be designated by Board action for scholarships.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Foundation and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions. Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Foundation. These donor restricted net assets represent endowment funds to be held in perpetuity.

Endowment

The Foundation follows the provisions of the *Not-for-Profit Entities Topic* of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, related to enhanced disclosures for endowment funds. Specifically, the Foundation classifies the portion of the endowment funds that is not classified as net assets in perpetuity as time restricted net assets until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to net assets without donor restrictions would not occur until the purpose restriction also has been met.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a 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 statements of activities and changes in net assets as net assets released from restrictions.

Donated Services and Occupancy

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated occupancy is recognized based on the fair value of the rental. The time expended by members of the Board of Trustees and other volunteers is not recognized as contributions in the financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are related to more than one program or supporting function. Expenses that are allocated based on time and effort include salaries and benefits. Expenses that are allocated based on square footage utilized include occupancy costs.

Advertising

The Foundation expenses advertising costs as incurred.

Uncertain Tax positions

Management evaluated the Foundation's tax positions and concluded that the Foundation has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC No. 740.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events

Subsequent events have been evaluated through September 18, 2019, which is the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation was required to adopt ASU 2016-14 in 2018, and has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the Foundation's financial statements:

- The unrestricted net asset class has been renamed Net Assets Without Donor Restrictions
- The temporarily and permanently restricted net asset class has been combined into a single net asset class called Net Assets With Donor Restrictions
- The basis of allocation of expenses by functional classification has been disclosed (Note 2)
- The financial statements include a disclosure about liquidity and availability of resources (Note 3)
- The endowment disclosure has been updated (Note 7)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the 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 should assist entities 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. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting ASU 2018-08 on the Foundation's financial statements.

3. Liquidity and Availability of Resources

The following table reflects the Foundation's financial assets available for general expenditure within one year as of June 30, 2019 and 2018. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2019	2018
Cash and cash equivalents	$ 2,934,081	$ 2,989,387
Investments, current portion	57,256,347	55,984,268
Contributions receivable, current portion	938,300	1,333,400
Total financial assets	61,128,728	60,307,055
Less donor restricted amounts	(58,279,242)	(58,757,770)
Less annuity obligations	(593,889)	(620,822)
Total financial assets available to meet cash needs for general expenditures within one year	$ 2,255,597	$ 928,463

The Foundation has fluctuations of working capital and cash flow variations during the year attributable to the timing of cash receipts from contributions. As part of the Foundation's liquidity management, its practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Investments and Fair Value

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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;

- inputs that are derived principally from and 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.

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

The asset 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2019 and 2018.

Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are valued at the daily closing price as reported by the fund. These are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to establish their daily net asset value ("NAV") and to transact at that price. These funds are deemed to be actively traded.

Hedge funds, limited liability company, and limited partnerships are valued at the NAV of shares held as of year end as determined by the investment fund managers. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held less any liability. The practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than reported at NAV.

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 fair value measurement as of the reporting date.

The following tables present the fair value hierarchy for assets of the Foundation measured at fair value as of June 30, 2019 and 2018:

	Fair Value as of June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds, domestic equities	$ 21,184,990	$ -	$ -	$ 21,184,990
Mutual funds, fixed income	22,319,390	6,300,530	-	28,619,920
Mutual funds, international equity	13,185,594	-	-	13,185,594
Common stock	1,065,741	-	-	1,065,741
Beneficial interest in remainder trusts	-	-	1,165,854	1,165,854
	$ 57,755,715	$ 6,300,530	$ 1,165,854	65,222,099
Assets recorded at net asset value as a practical expedient to fair value (a)				30,782,650
Total assets at fair value				96,004,749
Plus cash equivalents				16,920
Less beneficial interest in remainder trusts				(1,165,854)
Total investments				$ 94,855,815

	Fair Value as of June 30, 2018			
Mutual funds, domestic equities	$ 20,348,145	$ -	$ -	$ 20,348,145
Mutual funds, fixed income	21,849,456	6,073,789	-	27,923,245
Mutual funds, international equity	10,639,970	-	-	10,639,970
Common stock	802,471	-	-	802,471
Beneficial interest in remainder trusts	-	-	1,122,281	1,122,281
	$ 53,640,042	$ 6,073,789	$ 1,122,281	60,836,112
Assets recorded at net asset value as a practical expedient to fair value (a)				26,355,205
Total assets at fair value				87,191,317
Plus cash equivalents				1,307,383
Less beneficial interest in remainder trusts				(1,122,281)
Total investments				$ 87,376,419

(a) In accordance with ASU 2015-07, certain investments that are measured at net asset value per share (or its equivalent) as a practical expedient to fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Changes in beneficial interest in remainder trusts for the years ended June 30 are as follows:

	2019	2018
Balance, beginning of year	$ 1,122,281	$ 1,097,176
Investment gains	196,263	177,795
Distributions	(152,690)	(152,690)
Balance, end of year	$ 1,165,854	$ 1,122,281

Investment income for the years ended June 30 consists of the following:

	2019	2018
Interest and dividends	$ 1,037,861	$ 788,971
Realized gain on sale of investments	2,008,728	2,831,512
Unrealized gain on investments	718,230	1,720,930
Less investment fees	(70,221)	(69,730)
Total	$ 3,694,598	$ 5,271,683

The following table sets forth additional disclosures of the Foundation's investments in certain entities whose fair value is estimated using the net asset value per share (or its equivalent) as a practical expedient to fair value as of June 30, 2019 and 2018.

	Fair Value as of June 30, 2019	Fair Value as of June 30, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund (a)	$ 3,099,471	$ -	None	Monthly	45 days
Hedge fund (b)	2,951,506	3,028,009	None	Quarterly	60 days
Hedge fund (c)	1,989,123	1,873,529	None	3 years	90 days
Hedge fund (d)	3,204,844	3,077,385	None	Quarterly	60 days
Hedge fund (e)	2,499,008	2,430,218	None	Quarterly	45 days
Hedge fund (f)	2,787,383	2,669,717	None	Quarterly	60 days
Hedge fund (g)	2,671,098	2,205,668	None	Quarterly	60 days
Limited Liability Company (h)	6,721,995	6,445,539	None	Monthly	10 days
Limited Partnership (i)	3,715,693	3,370,721	None	Annually	45 days
Limited Partnership (j)	1,142,529	1,254,419	None	2 years	90 days
	$ 30,782,650	$ 26,355,205			

Hedge Fund (a)

This hedge fund is a global, market-neutral long/short equity strategy. The funds invest directly and indirectly in equity securities listed on US and non-US exchanges. The fund aims to capitalize on long-term market inefficiencies and is designed to have low correlation to global equity markets. The fund focuses on low turnover due to their long-term investment horizon, holding constraints with less than 8% of market capitalization in their long positions, and minimal currency exposure to ensure their absolute return objective.

Hedge Fund (b)

This hedge fund is a direct, multi-strategy hedge fund. The fund seeks to preserve capital and generate consistent, attractive risk-adjusted returns with low correlation to broader markets through active, fundamental investing in a relative value construct. The fund's investment philosophy is designed to identify and capitalize on asymmetric risk-reward opportunities across multiple asset classes. The fund employs strategies including equity relative value, credit relative value, event-driven strategies including merger arbitrage, long/short equity and volatility trading.

Hedge Fund (c)

This fund is a direct, multi-strategy hedge fund. This fund's main priority is preservation of capital with a strong emphasis on portfolio diversification and risk management. This fund invests opportunistically across a variety of sub-strategies including merger (or risk) arbitrage, long/short equity, corporate and structured credit, convertible and derivative arbitrage and private investments. This fund invests on a global basis with positions in the U.S., Europe and Asia. This fund will invest where it sees opportunities; thus, there is no predetermined commitment to any given investment discipline or geography.

Hedge Fund (d)

This fund is a direct, multi-strategy hedge fund. This fund seeks to achieve consistent positive absolute returns that have a low correlation to equity markets through bottom-up, fundamental research. Risk management and preservation of capital are key priorities in the management of this fund. This fund employs an event-driven focus on investing, but also allocates capital to sub-strategies within the fund including distressed investments, merger (or risk) arbitrage, long-short equity, convertible arbitrage and volatility arbitrage.

Hedge Fund (e)

This fund is a fundamental value/growth oriented equity across domestic and developed international markets and a sector specialist strategy excluding coverage of healthcare and financials. The fund employs a "sector before company approach" of fundamental security selection focusing more on industry headwinds/tailwinds while deploying a private equity style research process, working backwards to identify a differentiated view on company earnings deeper and longer sighted than competitors. The fund is a "lower to the ground" strategy with a net exposure that tends to hover in the 20-35 percent range, leading to lower market volatility and correlation over time. The strategy features moderate concentration, where top 10 ideas typically represent under 60 percent of the portfolio.

Hedge Fund (f)

This fund uses a multi-portfolio manager structure and centralized risk infrastructure to invest capital across strategies within a largely related value, market neutral investment framework. The fund is designed to produce consistently high risk-adjusted returns with limited sensitivity to traditional equity and fixed income markets. Strategies in the portfolio include Merger Arbitrage, Fundamental Market Neutral Long/Short Equity, Fundamental Conservative Long/Short Equity, High Yield Credit Long/Short, Investment Grade Credit Long/Short, Opportunistic, and Convertible Arbitrage. The fund's portfolio managers abide by strict risk and position size limits within their respective strategy sleeves, and the CIO and Capital Allocation committee add another layer of risk oversight at the fund level. The resulting portfolio is highly diversified, generally holding in excess of 2,000 positions. Key to this fund's process is its focus on risk management, market liquidity, and its ability to allocate capital across strategies to areas with the best perceived risk adjusted return opportunities.

Hedge Fund (g)

This fund is a bottom-up value/growth oriented equity strategy investing across domestic and developed international markets. The fund manager leads an investment team of generalist analysts evaluating industry ecosystems, additionally utilizing vast private equity resources. The investment team focuses strongly on management teams, changing boardroom dynamics, and incentives of key influencers. This approach relies on building relationships with company leadership and competitors, analyzing capital structures, and channel checking across suppliers, customers, etc.

Limited Liability Company (h)

For the limited liability company, the investment manager employs a value-oriented investment strategy using strict valuation and fundamental analysis. They target stocks that are selling at a deep discount to their historical price/earnings ratios on a project earnings basis, and have above-average historical growth rates and balance sheet strength. Portfolios contain 35 to 50 issues, fairly equally weighted. Representation of a single issue within a portfolio usually does not exceed 5 percent; representation of a particular industry does not exceed 25 percent.

Limited Partnership (i)

This limited partnership invests in a multi-strategy hedge fund. This partnership seeks superior risk-adjusted return through a process of fundamental analysis that emphasizes capital preservation. This partnership's core investment strategies include merger arbitrage (focused mainly on corporate takeovers), credit investments, which generally include investments in companies experiencing financial distress or whose credit is viewed by the market as marginal but improving and real estate investments, predominantly outside the U.S., in securities such as mortgages or other real estate-related assets.

Limited Partnership (j)

This limited partnership invests in a multi-strategy hedge fund, focused on bottom-up, opportunistic, value-oriented investing across equity, credit and real estate on a global basis. This partnership's portfolio managers focus on only a handful of new investments each year, thus this fund is a concentrated investment, with 20-30 investments typically representing 80 percent of portfolio value. This partnership's positions are principally held for 1-3 years on average. While not a primary focus, the fund will seek out value enhancement through activism and working with corporate management teams to unlock hidden value. Lastly, this partnership employs minimal leverage.

5. Charitable Gift Annuities and Remainder Trusts

The Foundation administers a Charitable Gift Annuity Program, which is regulated by New York Department of Financial Services and managed by the Foundation and is also registered in various states. The Foundation is the remainderman of the annuities. The total fair value of the assets held for the charitable gift annuities is $1,131,117 and $1,136,420 as of June 30, 2019 and 2018, respectively. The discount rates used to determine the present value of the split-interest agreements range between 1.00 percent and 6.00 percent. The Foundation has adequate reserves as of June 30, 2019 and 2018 to fund its charitable gift annuity liability and is in compliance with Code of Maryland Regulations 31.09.07.03. As of June 30, 2019 and 2018, the annuity obligations were approximately $594,000 and $621,000, respectively.

Additionally, the Foundation is the remainderman of charitable remainder trusts for which it is not the trustee. As of June 30, 2019 and 2018, the balance was approximately $1,166,000 and $1,122,000, respectively.

6. Contributions Receivable

The Foundation's contributions receivable as of June 30 are summarized below:

	2019	2018
Total contributions receivable	$ 3,686,800	$ 4,714,400
Less allowance for doubtful accounts	(1,050,000)	(1,050,000)
Less discount to present value	(139,123)	(180,861)
Net present value of contributions receivable	$ 2,497,677	$ 3,483,539
Amounts due in:		
One year or less	$ 938,300	$ 1,333,400
Two to five years	1,559,377	2,150,139
Total	$ 2,497,677	$ 3,483,539

The discount rate used to record amounts due in two to five years was between 3.75 percent and 6.00 percent at the time of the contribution.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the amounts restricted for the following as of June 30:

	2019	2018
Purpose Restrictions:		
Scholarships and awards	$ 13,255,275	$ 13,161,916
College support	39,316,996	40,427,438
Unappropriated Endowment Income:		
Scholarships and awards	2,848,351	2,480,161
College support	2,894,160	2,688,255
Endowment held in perpetuity:		
Scholarships and awards	22,387,487	16,219,101
College support	15,176,441	15,245,209
Total net assets with donor restrictions	$ 95,878,710	$ 90,222,080

Net assets released from donor restrictions by appropriation or by incurring expenses satisfying the restricted purposes of the following for the years ended June 30:

	2019	2018
Scholarships and awards	$ 2,588,366	$ 2,709,555
College support	2,412,508	2,912,469
Total net assets released from donor restrictions	$ 5,000,874	$ 5,622,024

During 2019 and 2018, certain net assets were reclassified from net assets without donor restrictions to net assets with donor restrictions in accordance with donor agreements.

General

The Foundation's endowment consists of 275 donor restricted endowment funds for the purposes indicated below.

Endowment

The Foundation's endowment funds are established to provide (i) scholarships, fellowships, prizes and other assistance to students of Brooklyn College; (ii) awards, prizes, and subventions to Brooklyn College faculty and staff or other persons for outstanding achievements or services to Brooklyn College; (iii) funds for the library, academic departments, and for the administration of Brooklyn College; (iv) support for the establishment, maintenance, building, improvement, operation and support of recreational rooms, places, and buildings of Brooklyn College; and (v) support for the functioning and operation of the curricular and extra-curricular activities of Brooklyn College and its related and associated agencies.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation is now governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7 percent of the average of its previous five years' balance. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (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. The remaining portion of the donor- restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as time or time and purpose restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA. Management has interpreted NYPMIFA as allowing spending from underwater endowment funds in accordance with the spending policy.

Return Objectives, Strategies Employed and Spending Policy

The primary investment objective of the endowment is to attain an average nominal total return of 8 percent over a full market cycle. This nominal rate of return approximates the long-term inflation rate of 3 percent plus the endowment's required annual spending rate of 4 percent of earnings. In order to achieve this rate of return, some investment risk must be taken in the management of the endowment. The most effective way to establish appropriate risk levels for the endowment is through net asset allocation (i.e., cash, fixed income, credit investments, long-only equities, alternative assets/hedge funds, private equity, and real estate). A strategic long-term asset allocation has been adopted for the endowment. Over time, the endowment's allocation to specific asset classes should remain within the percentage ranges that are part of the long-term strategic asset allocation. The overall asset allocation strategy shall be to construct a diversified investment portfolio that should enhance long-term total return while avoiding undue risk or concentration in any single asset class.

Funds with Deficiencies

The Foundation does not have any funds with deficiencies.

Endowment Funds

The following represents the composition of endowment net assets by fund type as of June 30, 2019:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment funds	$ 37,563,928	$ 5,742,511	$ 43,306,439

The changes in endowment net assets were as follows for the year ended June 30, 2019:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment net assets, beginning of year	$ 31,464,310	$ 5,168,416	$ 36,632,726
Contributions	4,518,510	75,276	4,593,786
Investment income	1,578,685	1,444,684	3,023,369
Change in value split-interest agreements	2,423	-	2,423
Appropriations	-	(945,865)	(945,865)
Endowment net assets, end of year	$ 37,563,928	$ 5,742,511	$ 43,306,439

The following represents the composition of endowment net assets by fund type as of June 30, 2018:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment funds	$ 31,464,310	$ 5,168,416	$ 36,632,726

The changes in endowment net assets were as follows for the year ended June 30, 2018:

	With Donor Restrictions		
	Original Gift	Accumulated Gains	Total
Endowment net assets, beginning of year	$ 31,129,694	$ 4,781,983	$ 35,911,677
Contributions	259,192	74,736	333,928
Investment (loss) income	(22,162)	1,322,326	1,300,164
Reclassification	95,028	-	95,028
Change in value split-interest agreements	2,558	-	2,558
Appropriations	-	(1,010,629)	(1,010,629)
Endowment net assets, end of year	$ 31,464,310	$ 5,168,416	$ 36,632,726

8. Pension

The Brooklyn College Foundation, Inc., has a 401(k) pension plan for its employees. For the years ended June 30, 2019 and 2018, the expense was approximately $85,000 and $56,000, respectively.

9. Related Party Transactions

The Foundation utilizes certain facilities and professional services provided by the College. The estimated fair value of occupancy costs and salaries and benefits amounted to approximately $111,000 and $936,000, respectively for the year ended June 30, 2019, and $103,000 and $756,000, respectively, for the year ended June 30, 2018, and are included in the accompanying statements of activities and changes in net assets as both income and expense.

See Note 11 for unconditional promises to give to the College.

10. Concentrations

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with a financial institution in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Foundation has separately insured the balances over the FDIC limits with Citi Bank.

Three pledges at gross totaling approximately $2,591,000 and $3,041,000 before discounting represent a significant portion of the total outstanding contributions receivable balance as of June 30, 2019 and 2018, respectively.

As of June 30, 2019 and 2018, approximately 45 percent and 44 percent, respectively, of gross outstanding contributions receivable represent amounts due from the Foundation's Board of Trustee members.

11. Unconditional Promises to Give

As of June 30, 2019 and 2018, the Foundation has a remaining commitment to fund the building of the Brooklyn College Performing Arts Center for $1,600,000.

In addition, as of June 30, 2019 and 2018, the Foundation has a commitment of $295,000 to fund the remaining construction retainage related to a Cinema Academy building at Steiner Studios.

12. Transfer of Artwork and Collections

During 2019 and 2018, the Foundation received and then transferred artwork and collections that had been donated to the Foundation for the benefit of the College to Brooklyn College in the amount of $68,500 and $25,200, respectively.