

YORK COLLEGE FOUNDATION
Financial Statements
June 30, 2019
(With Independent Auditors' Report Thereon)

YORK COLLEGE FOUNDATION

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
York College Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of York College Foundation (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 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 Foundation'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 Foundation'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 York College Foundation 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2019

YORK COLLEGE FOUNDATION
Statement of Financial Position
June 30, 2019
with comparative totals for 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Assets:		
Cash and equivalents	\$ 986,761	873,298
Investments	2,001,484	1,892,033
Contributions receivable, net of discount and allowance for doubtful accounts	97,614	332,294
Accounts receivable	18,212	-
Donated artwork	115,000	115,000
Other assets	7,255	4,471
Total assets	\$ 3,226,326	3,217,096
<u>Liabilities and Net Assets</u>		
Liabilities - accounts payable and accrued expenses	15,447	50,366
Net assets:		
Without donor restrictions	162,651	116,219
With donor restrictions	3,048,228	3,050,511
Total net assets	3,210,879	3,166,730
Total liabilities and net assets	\$ 3,226,326	3,217,096

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Activities
Year ended June 30, 2019
with comparative totals for 2018

	Without donor restrictions	With donor restrictions	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Revenue, gains and other support:				
Contributions - individuals, corporations and foundations	\$ 148,523	221,230	369,753	597,857
Donated services	522,324	-	522,324	503,849
Fundraising events	76,826	-	76,826	96,625
Net investment income	669	119,409	120,078	46,782
Net assets released from restrictions	<u>342,922</u>	<u>(342,922)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>1,091,264</u>	<u>(2,283)</u>	<u>1,088,981</u>	<u>1,245,113</u>
Expenses:				
Program services:				
Scholarships	164,433	-	164,433	116,888
Support of York College	<u>807,954</u>	<u>-</u>	<u>807,954</u>	<u>834,131</u>
Total program services	<u>972,387</u>	<u>-</u>	<u>972,387</u>	<u>951,019</u>
Supporting services:				
Management and general	23,107	-	23,107	20,037
Fundraising	<u>49,338</u>	<u>-</u>	<u>49,338</u>	<u>34,728</u>
Total supporting services	<u>72,445</u>	<u>-</u>	<u>72,445</u>	<u>54,765</u>
Total expenses	<u>1,044,832</u>	<u>-</u>	<u>1,044,832</u>	<u>1,005,784</u>
Change in net assets	46,432	(2,283)	44,149	239,329
Net assets at beginning of year	<u>116,219</u>	<u>3,050,511</u>	<u>3,166,730</u>	<u>2,927,401</u>
Net assets at end of year	<u>\$ 162,651</u>	<u>3,048,228</u>	<u>3,210,879</u>	<u>3,166,730</u>

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Activities
Year ended June 30, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Contributions - individuals, corporations and foundations	\$ 102,705	495,152	597,857
Donated services	503,849	-	503,849
Fundraising events	96,625	-	96,625
Net investment income	912	45,870	46,782
Net assets released from restrictions	<u>249,537</u>	<u>(249,537)</u>	<u>-</u>
Total revenue, gains and other support	<u>953,628</u>	<u>291,485</u>	<u>1,245,113</u>
Expenses:			
Program services:			
Scholarships	116,888	-	116,888
Support of York College	<u>834,131</u>	<u>-</u>	<u>834,131</u>
Total program services	<u>951,019</u>	<u>-</u>	<u>951,019</u>
Supporting services:			
Management and general	20,037	-	20,037
Fundraising	<u>34,728</u>	<u>-</u>	<u>34,728</u>
Total supporting services	<u>54,765</u>	<u>-</u>	<u>54,765</u>
Total expenses	<u>1,005,784</u>	<u>-</u>	<u>1,005,784</u>
Change in net assets	(52,156)	291,485	239,329
Net assets at beginning of year	667,435	2,259,966	2,927,401
Transfer of net assets	<u>(499,060)</u>	<u>499,060</u>	<u>-</u>
Net assets at end of year	<u>\$ 116,219</u>	<u>3,050,511</u>	<u>3,166,730</u>

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Functional Expenses
Year ended June 30, 2019
with comparative totals for 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>	
	<u>Scholarship</u>	Support of York College	Management and general	Fundraising	2019	2018
Program grants	\$ -	116,667	-	-	116,667	96,866
Scholarship support	164,433	-	-	-	164,433	116,888
Salaries and related expenses	-	522,324	-	-	522,324	503,849
Professional fees	-	16,331	8,900	-	25,231	20,914
Special events	-	-	-	44,288	44,288	34,728
Office supplies and expense	-	28,142	-	-	28,142	35,746
Bad debt	-	-	-	5,050	5,050	50,500
Miscellaneous expenses	-	124,490	14,207	-	138,697	146,293
Total expenses	<u>\$ 164,433</u>	<u>807,954</u>	<u>23,107</u>	<u>49,338</u>	<u>1,044,832</u>	<u>1,005,784</u>

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION
Statement of Cash Flows
Year ended June 30, 2019
with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 44,149	239,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(80,835)	(19,985)
Bad debt expense	5,050	50,500
Changes in:		
Contributions receivable	229,630	(246,000)
Accounts receivable	(18,212)	6,610
Other assets	(2,784)	(402)
Accounts payable and accrued expenses	<u>(34,919)</u>	<u>38,315</u>
Net cash provided by operating activities	142,079	68,367
Cash flows from investing activities - purchase of investments	<u>(28,616)</u>	<u>(1,623,330)</u>
Net change in cash and equivalents	113,463	(1,554,963)
Cash and equivalents at beginning of year	<u>873,298</u>	<u>2,428,261</u>
Cash and equivalents at end of year	<u>\$ 986,761</u>	<u>873,298</u>

See accompanying notes to financial statements.

YORK COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2019

(1) Nature of Organization

On October 6, 1989, the York College Foundation (the Foundation) was incorporated in compliance with the City University of New York's Bylaws, Section 14.10, adopted by the Board of Trustees of The City University of New York (CUNY) on June 26, 1989 and authorized by the Board of Trustees in its meeting on March 21, 1990. The purpose of the Foundation is to support and advance the activities and missions of York College (the College) in its academic, cultural, research and public service programs, and to promote and encourage interest and support for these programs serving the students, faculty, administrative staff, alumni and others in the college community of York College. Although the Foundation is a separate and independent legal entity, it carries out operations which are integrally related to CUNY and, therefore, is presented as a part of CUNY's financial reporting entity.

(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) Concentrations

At times, the Foundation's cash and equivalents balance may exceed federally insured limits. At June 30, 2019, the Foundation's cash balances were in excess of this insurable limit. The Foundation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are reported at their fair values based on quoted market prices. Donated securities are recorded at fair value at the date of donation. Realized and unrealized gains and losses are included in the statement of activities as changes in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

(g) 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 net 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 conditions are substantially met. Interest is not charged or recorded on outstanding receivables.

(h) Accounts Receivable

The Foundation records accounts receivable based on services provided; interest income is not accrued or recorded on outstanding accounts receivable.

(i) Contributions and Grants

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. At of June 30, 2019 and 2018, the Foundation had an allowance for doubtful accounts of \$38,000.

(j) Functional Allocation of Expenses

The costs of providing the Foundation's programs and services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. All expenses related to providing these services have been allocated to program services with the exception of certain administrative and fundraising expenses.

(k) 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.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(l) 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.

(m) Recent Accounting Standards Issued

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, and a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis. This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

(n) Reclassifications

Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

(3) Liquidity

The Foundation has \$1,069,322 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$986,761 of cash and \$82,561 of receivables. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2019 statement of financial position.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(4) Investments

Fair Value Measurement and Disclosures

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 assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- 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 at June 30, 2019.

At June 30, 2019 and 2018, the Foundation's money market accounts, certificates of deposit and mutual funds are considered Level 1 assets.

The Foundation's investments consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Money market accounts	\$ 275,659	287,034
Certificates of deposit	101,890	101,876
Mutual funds	<u>1,623,935</u>	<u>1,503,123</u>
Total investments	\$ <u>2,001,484</u>	<u>1,892,033</u>

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurement and Disclosures, Continued

Net investment income is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 39,243	26,797
Net realized loss	-	(21,329)
Net unrealized gains	<u>80,835</u>	<u>41,314</u>
Net investment income	\$ <u>120,078</u>	<u>46,782</u>

(5) Contributions Receivable

Contributions receivable are discounted over the payment period using a discount rate of 5%. Contributions receivable were estimated to be due as follows:

	<u>2019</u>	<u>2018</u>
Gross amount due in:		
Less than one year	\$ 82,561	202,241
One to five years	<u>62,500</u>	<u>177,500</u>
	145,061	379,741
Less allowance for uncollectible amounts	(38,000)	(38,000)
Less discount to net present value	<u>(9,447)</u>	<u>(9,447)</u>
Net contributions receivable	\$ <u>97,614</u>	<u>332,294</u>

(6) Donated Artwork

In January 2015, a former professor of York College donated 10 pieces of artwork which include “Yankee Stadium,” “Barbarshop,” “Elevated,” “Restaurant,” “Bodega,” “Bayamo I,” “Havana Façade,” “Trinidad II,” “Havana Hallway” and “Havana Façade II.” The estimated market value of the collection is \$92,000 and has been included in the net assets without donor restrictions of the accompanying financial statements.

In November 2008, the Foundation received a donation of three pieces of artwork, entitled “Blue Lightning,” “Earth Mother” and “Parandole II.” Pursuant to the gift agreement, the Foundation agreed to care for and display this artwork for a period of no less than three years from the date of ownership. After such time, the Foundation, in its own discretion, reserved the right to discontinue displaying the artwork, or otherwise dispose of it. The recorded value of the artwork of \$23,000 has been included in the net assets without donor restrictions of the accompanying financial statements.

In addition, the Foundation is the recipient of a donation of artwork entitled “The Copper Airplane.” At which time the artwork is appraised, it will be recorded as an asset in the Foundation’s financial statements at its appraised value.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(7) Donated Services

The Foundation recognizes donations of services if the services received: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation operates on the campus of the College and, as such, utilizes space and certain services made available to it. Donated services and promises to give services that do not meet the above criteria are not recognized. The estimated cost savings of \$522,324 and \$503,849 for the years ended June 30, 2019 and 2018, respectively, have been recorded as donated services and are recognized as both revenue and expenses in the accompanying statement of activities.

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Time or purpose restricted:		
Scholarships	\$ 819,214	874,580
Community and departmental programs	427,731	522,853
Investment return	224,747	113,133
Endowment:		
Professorship (A)	620,654	625,393
Scholarships (B)	<u>955,882</u>	<u>914,552</u>
Total	<u>\$ 3,048,228</u>	<u>3,050,511</u>

(A) In October 2008, the Foundation received a \$500,000 contribution for the establishment of a permanent endowment to be known as the ACFE Fund for the purpose of supporting the ACFE Endowed Professor of Fraud Examination pursuant to the terms of the agreement between the grantor and the Foundation. In addition, the endowment agreement provides that as long as the principal of the ACFE Fund is less than \$750,000, York College will provide supplemental financial support to the Business School's accounting department in an amount equal to 5% of the balance of the endowment at September 1 of each year until the threshold of \$750,000 is attained and the earnings of the ACFE Fund will be reinvested and added to the principal. Once the principal has reached the minimum threshold, the income and appreciation of the ACFE Fund will be used as deemed necessary to effectuate the purposes of the gift and York College shall be under no further obligation to provide supplemental financial support for the ACFE professor. After reaching a balance of \$750,000, the Foundation agrees that the principal of the gift shall be preserved in perpetuity and only its income and appreciation will be used for the purposes described in the endowment agreement.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(8) Net Assets With Donor Restrictions, Continued

(B) Consists of endowment corpus that provides investment income primarily for student scholarships.

During 2019 and 2018, net assets with donor restrictions were released from restrictions by incurring expenses for the following donor restricted purposes:

	<u>2019</u>	<u>2018</u>
Community and departmental programs	\$ 173,685	129,041
Scholarships	164,433	116,889
Investment return appropriation	<u>4,804</u>	<u>3,607</u>
Total	\$ <u>342,922</u>	<u>249,537</u>

(9) Pledge Commitments

In June 2015, a member of the Board of Trustees made a pledge to contribute a total of \$16,000 to be paid over 3 years (2016 - 2018), of which \$7,250 has been received through June 30, 2019.

In May 2015, a former York College student made a pledge to contribute a total of \$150,000 to the Foundation, consisting of \$50,000 in cash to be paid over ten years (2016 - 2025), of which \$6,280 has been received through June 30, 2019, and a whole-term life insurance policy valued at \$100,000 of which the Foundation was named owner and beneficiary and the student was named the insured. The student is to make annual contributions to the Foundation in the amount of the premium payment for the whole life insurance policy, or \$3,780 annually over the next seven years. Contribution revenue related to the cash surrender value of the insurance policy will be recognized at the end of the whole-term life insurance policy terms, if all premium payments have been made.

In April 2012, an alumnus of the College made a pledge to contribute a total of \$200,000 to the Foundation, of which \$120,846 was received through June 30, 2019.

(10) Endowment Funds

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.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(10) Endowment Funds, Continued

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 purpose of the Foundation and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, (7) the Foundation's investment policies and (8) where appropriate, alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on the Foundation.

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 Board of Trustees utilizes a spending rate of 4.5% of the fair value of the endowment funds at the beginning of the fiscal year to determine its annual drawdown from the endowment.

The following is a reconciliation of the activity in the endowment funds for the years ended June 30, 2019 and 2018:

	<u>Time</u> <u>restrictions</u>	<u>Endowment</u> <u>restrictions</u>	<u>Total</u>
Balance at June 30, 2017	\$ 100,631	1,502,703	1,603,334
Contributions	-	17,306	17,306
Investment return	22,319	23,543	45,862
Appropriation	<u>(9,817)</u>	<u>(3,607)</u>	<u>(13,424)</u>
Balance at June 30, 2018	113,133	1,539,945	1,653,078
Contributions	-	41,330	41,330
Investment return	119,404	-	119,404
Appropriation	<u>(7,790)</u>	<u>(4,739)</u>	<u>(12,529)</u>
Balance at June 30, 2019	\$ <u>224,747</u>	<u>1,576,536</u>	<u>1,801,283</u>

All of the Foundation's endowment funds are restricted in nature.

YORK COLLEGE FOUNDATION
Notes to Financial Statements, Continued

(11) Transfer of Net Assets

At June 30, 2018, net assets previously recorded as without donor restrictions were transferred to net assets with donor restrictions in the amount of \$499,060 to reflect an allocation to scholarship.