

JOHN JAY COLLEGE FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2015

JOHN JAY COLLEGE FOUNDATION, INC.

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Independent Auditor's Report

**Board of Trustees
John Jay College Foundation, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of John Jay College Foundation, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Emphasis of Matter

As discussed in Note 12, the opening balance net assets have been restated in accordance with revised donor agreements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of John Jay College Foundation, Inc. as of June 30, 2015, and the changes in net assets and 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 John Jay College Foundation, Inc.'s June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

September 3, 2015

JOHN JAY COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(With Summarized Financial Information
for June 30, 2014)

	<u>2015</u>	<u>2014</u> (Restated) (Note 12)
ASSETS		
Cash	\$ 497,698	\$ 443,255
Investments (Note 3)	7,211,825	6,651,402
Accounts receivable - current	15,415	5,520
Contributions receivable (Note 4)	3,666,168	2,922,642
Prepaid expenses	8,470	9,319
Fixed assets - net (Note 5)	2,536	5,273
Investment in real estate (Note 9)	<u>1</u>	<u>1</u>
Total assets	<u>\$ 11,402,113</u>	<u>\$ 10,037,412</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 142,922</u>	<u>\$ 150,357</u>
Net assets (Exhibit B)		
Unrestricted	3,011,534	3,521,707
Temporarily restricted (Note 6)	5,752,657	4,080,348
Permanently restricted (Note 7)	<u>2,495,000</u>	<u>2,285,000</u>
Total net assets	<u>11,259,191</u>	<u>9,887,055</u>
Total liabilities and net assets	<u>\$ 11,402,113</u>	<u>\$ 10,037,412</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

JOHN JAY COLLEGE FOUNDATION, INC.

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

**(With Summarized Financial Information
for the Year Ended June 30, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
Revenues, gains (losses), and other support					
Contributions	\$ 208,321	\$ 2,357,410	\$ 110,000	\$ 2,675,731	\$ 1,237,165
Special events	\$ 449,825				
Less direct cost of special events	<u>(152,309)</u>	297,516		297,516	274,358
Donated occupancy and services (Note 8)	387,549			387,549	336,087
Interest and dividends	25,931	20,401		46,332	52,069
Net realized gain on investments	16,982	10,751		27,733	931,781
Net unrealized loss on investments	(114,949)	(71,254)		(186,203)	(94,728)
Other revenue	146,363			146,363	211,160
Net assets released from restrictions (Note 6)	<u>842,515</u>	<u>(842,515)</u>			
 Total revenues, gains (losses), and other support	 <u>1,512,712</u>	 <u>1,772,309</u>	 <u>110,000</u>	 <u>3,395,021</u>	 <u>2,947,892</u>
 Expenses (Exhibit C)					
Program services - scholarships, awards and grants					
Program costs	777,661			777,661	711,446
Scholarships, awards and grants	<u>692,620</u>			<u>692,620</u>	<u>712,145</u>
 Total program services	 <u>1,470,281</u>			 <u>1,470,281</u>	 <u>1,423,591</u>

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JOHN JAY COLLEGE FOUNDATION, INC.

EXHIBIT B

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STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(With Summarized Financial Information
for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
Expenses (Exhibit C) (continued)					
Supporting services					
Management and general	\$ 300,392			\$ 300,392	\$ 264,153
Fund raising	<u>252,212</u>			<u>252,212</u>	<u>222,486</u>
Total supporting services	<u>552,604</u>			<u>552,604</u>	<u>486,639</u>
Total expenses (includes donated services, space, and other services of \$387,549 in 2015 and \$336,087 in 2014)	<u>2,022,885</u>			<u>2,022,885</u>	<u>1,910,230</u>
Change in net assets before other changes	(510,173)	\$ 1,772,309	\$ 110,000	1,372,136	1,037,662
Reclassification (Note 7)	<u> </u>	<u>(100,000)</u>	<u>100,000</u>	<u> </u>	<u> </u>
Change in net assets (Exhibit D)	(510,173)	1,672,309	210,000	1,372,136	1,037,662
Net assets - beginning of year - restated (Note 12)	<u>3,521,707</u>	<u>4,080,348</u>	<u>2,285,000</u>	<u>9,887,055</u>	<u>8,849,393</u>
Net assets - end of year (Exhibit A)	<u>\$ 3,011,534</u>	<u>\$ 5,752,657</u>	<u>\$ 2,495,000</u>	<u>\$ 11,259,191</u>	<u>\$ 9,887,055</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

(With Summarized Financial Information
for the Year Ended June 30, 2014)

	Program Services - Scholarships, Awards and Grants	Management and General	Fund Raising	Direct Cost of Special Events	Total	
					2015	2014
Salaries and benefits	\$ 82,177	\$ 222,970	\$ 109,611		\$ 414,758	\$ 353,693
Supplies	41,243		69	\$ 12,500	53,812	22,159
Consulting and contractual services	238,741		69,236	104,835	412,812	343,679
Equipment/furniture	5,260				5,260	1,187
Advertising	21,928		6,850		28,778	3,864
Postage	5,517		6,745		12,262	27,815
Printing	7,217		36,932		44,149	62,459
Telephone	1,042				1,042	996
Memberships/subscriptions	92				92	1,704
Book/magazine purchases	2,539				2,539	4,936
Travel	116,957		8,936		125,893	71,084
Training	1,980				1,980	10,626
Utilities	2,737	2,737			5,474	5,685
Occupancy	38,525	27,550			66,075	68,822
Other rentals	9,215			24,124	33,339	37,321
Scholarship, awards and grants	688,120				688,120	662,145
Insurance	300	4,030			4,330	3,696
Honorarium/stipends	58,788				58,788	63,047
Payroll services		6,627			6,627	6,341
Audit services		20,800			20,800	20,200
Grant to CUNY Research Foundation	4,500				4,500	50,000
Contributions	1,951				1,951	26,605
Refreshments	78,984		12,703	8,650	100,337	91,457
Depreciation		2,737			2,737	2,998
Other miscellaneous	62,468	12,941	1,130	2,200	78,739	86,403
Total expenses	1,470,281	300,392	252,212	152,309	2,175,194	2,028,922
Less expenses deducted directly from revenues on the statement of activities						
Direct cost of special events				(152,309)	(152,309)	(118,692)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,470,281	\$ 300,392	\$ 252,212	\$ -	\$ 2,022,885	\$ 1,910,230

See independent auditor's report.

The accompanying notes are an integral part of these statements.

JOHN JAY COLLEGE FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 1,372,136	\$ 1,037,662
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,737	2,998
Net realized and unrealized loss (gain) on investments	158,470	(837,053)
Contributions restricted for long-term investments	(110,000)	
Decrease (increase) in assets		
Accounts receivable	(9,895)	4,964
Contributions receivable	(743,526)	(112,840)
Prepaid expenses	849	(2,178)
Decrease in liabilities		
Accounts payable and accrued expenses	(7,435)	(54,576)
Net cash provided by operating activities	<u>663,336</u>	<u>38,977</u>
Cash flows from investing activities		
Proceeds from sale of investments	81,111	
Purchases of investments	(800,004)	(52,045)
Net cash used by investing activities	<u>(718,893)</u>	<u>(52,045)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for investment in endowment	<u>110,000</u>	
Net change in cash	54,443	(13,068)
Cash - beginning of year	<u>443,255</u>	<u>456,323</u>
Cash - end of year	<u>\$ 497,698</u>	<u>\$ 443,255</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - NATURE OF ORGANIZATION

John Jay College Foundation, Inc. (the "Foundation") is a not-for-profit organization which conducts fund-raising activities in support of John Jay College of Criminal Justice (the "College") and its various educational, cultural and social activities. The Alumni Association of John Jay College of Criminal Justice is under the Foundation's umbrella. It is a department which collects donations from alumni and friends of the College to provide support for scholarships, student enrichment activities, and student development.

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to income taxes, unless certain earnings are derived from unrelated business activities. It is supported primarily by contributions and special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation's net assets, revenue and expenses, and investment gains and losses are classified based on the existence or absence of donor-imposed restrictions. Current standards require that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The Foundation has three classes of net assets, defined as follows:

- (i) ***Unrestricted*** - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.
- (ii) ***Temporarily restricted*** - Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.
- (iii) ***Permanently restricted*** - Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

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JOHN JAY COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

Investments

The Foundation's investments are in the City University of New York's investment pool. Investments are recorded at fair value. 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 statement of activities and investment portfolio on the balance sheet.

Accounts Receivable

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

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

Accounts and contributions receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts 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, and other factors.

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JOHN JAY COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Fixed Assets**

Fixed assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Foundation's capital asset policy, capital assets are defined as any asset with a useful life of more than one year and a value of \$1,000 or more. Depreciation is computed using the straight-line method over an estimated life of five years.

Contributions

Unconditional contributions, including promises to give and other assets, are reported at fair value at the date the contribution is received. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Royalties and Other Revenues

Royalties and other revenues are recognized in the applicable period.

Rental Income

Rental income is recorded on a monthly basis equal to amounts charged to the tenant based upon signed leases.

Donated Occupancy, Services and Other Support

The Foundation operates on the campus of the College. It utilizes facilities for the Alumni, as well as personnel services of certain College employees. Certain entities of the College may at times sponsor or provide support for the Foundation's activities. The cost savings associated with such arrangements is recorded as donated occupancy, services and other expenses. These are recognized as revenues and expenses in the accompanying statement of activities at fair value.

Advertising

All advertising costs are expensed in the year they are incurred.

Grants and Awards

Grants and awards are recorded when approved by management.

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JOHN JAY COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Functional Allocation of Expenses**

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The 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.
- 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. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value of 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.

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 at June 30, 2015 as compared to those used at June 30, 2014.

Investment in CUNY investment pool - Valued at the NAV of shares held at year end as determined by the investment managers and/or similar market prices.

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

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 at the reporting date.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived. In 2014, on the statement of functional expenses, other rentals have been reclassified to a separate line from occupancy to conform to the current year's presentation.

Uncertainty in Income Taxes

The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2012 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through September 3, 2015, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The following table sets forth the Foundation's investments at fair value by level type, within the fair value hierarchy, as of June 30, 2015:

	<u>Level 2</u>
Investment in CUNY investment pool	\$ <u>7,211,825</u>

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are discounted over the payment period using a 3.75% discount rate in effect at the time of the contribution. Contributions receivable are due as follows:

2016	\$ 2,486,251
2017	811,700
2018	125,000
2019	125,000
2020	100,000
Thereafter	<u>100,000</u>
	3,747,951
Less discount to present value	<u>(81,783)</u>
	<u>\$ 3,666,168</u>

Contributions receivable in the amount of \$2,627,200 are due from four donors. This represents a concentration of credit risk to the Foundation.

NOTE 5 - FIXED ASSETS

As of June 30, 2015 and 2014, fixed assets consist of the following:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Write off</u>	<u>June 30, 2015</u>
Equipment	\$ 160,794		\$ (127,726)	\$ 33,068
Less accumulated depreciation	<u>(155,521)</u>	\$ <u>(2,737)</u>	<u>127,726</u>	<u>(30,532)</u>
	<u>\$ 5,273</u>	<u>\$ (2,737)</u>	<u>\$ -</u>	<u>\$ 2,536</u>

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Scholarships, awards, grants, Pre-Law Institute and related costs	\$ 2,686,489	\$ 3,602,934
Time restricted	<u>3,066,168</u>	<u>477,414</u>
	<u>\$ 5,752,657</u>	<u>\$ 4,080,348</u>

Temporarily restricted net assets were released from donor restrictions during the year ended June 30, 2015 by incurring expenses satisfying the restricted purposes of:

Scholarships, awards, grants and related costs	\$ 425,171
Lapse of time restrictions	<u>417,344</u>
	<u>\$ 842,515</u>

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS**General**

The Foundation's endowments consist of three donor-restricted endowment funds established to support the College's Pre-Law Institute program, and two scholarship funds resulting from satisfactory terms accomplished for a prior year pledge and a new pledge agreement received during the fiscal year ended June 30, 2015.

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JOHN JAY COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS (continued)****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% 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 in permanently restricted net assets is classified as temporarily 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.

Return Objectives, Strategies Employed and Spending Policy

The endowment provides continuous support to the operations of the Foundation through relatively predictable and stable annual spending, while at the same time preserving and enhancing the purchasing power of the portfolio for the benefit of future generations of students. The portfolio’s objectives are to (1) attain an average annual real (inflation-adjusted) total return at least equal to 5% plus management and administrative fees; (2) outperform the portfolio’s custom benchmark; and (3) outperform the median return of a pool of endowment funds with broadly similar investment objectives and policies both on an absolute and on a risk-adjusted basis. The portfolio shall be managed according to the “total return” concept, which envisions the sources of spending as being from interest, dividends and capital gains.

Funds with Deficiencies

The Foundation does not have any funds with deficiencies.

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

Investments to be held in perpetuity total \$2,495,000 in 2015 and \$2,285,000 in 2014. The income is expendable for the following purposes:

Pre-Law Institute - Endowed	\$ 100,000
Rubie and James Malone Endowed Scholarship	100,000
Jeannette K. Watson Endowed Scholarship	110,000
Forensic Psychology Institute, student support and Clinical Training Doctoral Program	<u>2,185,000</u>
	\$ <u>2,495,000</u>
Temporarily restricted - unappropriated earnings on permanent endowment	\$ <u>302,608</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2015

	<u>Temporarily Restricted</u> (Restated)	<u>Permanently Restricted</u> (Restated)	<u>Total</u> (Restated)
Net assets - beginning of year	\$ 355,183	\$ 2,285,000	\$ 2,640,183
Contributions		110,000	110,000
Investment loss	(40,102)		(40,102)
Reclassification		100,000	100,000
Appropriation of endowment assets for expenditure	<u>(12,473)</u>	<u> </u>	<u>(12,473)</u>
Net assets - end of year	\$ <u>302,608</u>	\$ <u>2,495,000</u>	\$ <u>2,797,608</u>

During 2015, certain net assets were reclassified from temporarily restricted to permanently restricted net assets in accordance with the satisfaction of the terms based on the donor's agreements.

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JOHN JAY COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 8 - DONATED SERVICES, SPACE, AND OTHER SERVICES**

The Foundation utilizes certain facilities and services provided by the College. The estimated fair values of salaries and benefits, facilities and other support amounted to \$387,549 for the year ended June 30, 2015, and are included in the accompanying statement of activities as both income and expense. Facilities that are shared between the Foundation and the College, specifically the Alumni Association, amounted to \$13,793. Services which represent salaries and benefits amounted to \$330,627 and other support amounted to \$43,129.

NOTE 9 - INVESTMENT IN REAL ESTATE

The Foundation has 198 common shares ownership in real property located at 317 West 54th Street, New York, NY 10019. Ownership was transferred by the College to the Foundation in 1988 for a value of \$1. The property is utilized to house instructors from the Bramshill National Policing Improvement Agency exchange program with John Jay College (see Note 10).

NOTE 10 - REAL ESTATE COMMITMENTS

The Foundation has two facilities for its exchange programs, namely, its investment in real estate (refer to Note 9) and a rental arrangement. The rental is used for the Jerry McCabe Fellowship exchange program with the Irish National Police (An Garda Siochana). The rental facility is a one-year rental agreement for an apartment in Queens, New York. The noncancellable lease has been renewed effective September 15, 2015 for a one-year term and expires on September 13, 2016.

The following is the total future minimum payments required under operating leases that have initial or remaining lease terms in excess of one year:

2015-2016	\$	32,194
2016-2017		<u>6,570</u>
	\$	<u>38,764</u>

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 10 - REAL ESTATE COMMITMENTS (continued)

	<u>2015</u>	<u>2014</u>
Revenues		
Investment in real estate	\$ 10,670	\$ 21,123
Apartment rental	<u>30,580</u>	<u>29,500</u>
	<u>\$ 41,250</u>	<u>\$ 50,623</u>
Expenses		
Investment in real estate	\$ 17,907	\$ 19,160
Apartment rental	<u>37,329</u>	<u>34,039</u>
	<u>\$ 55,236</u>	<u>\$ 53,199</u>

Included in these expenses are the Foundation's maintenance costs for its investment in real estate and rental expense for the apartment. The Foundation's maintenance costs (which are included in occupancy) were in the amounts of \$13,757 during 2015 and \$15,706 during 2014, and its rental expense was \$33,550 during 2015 and \$29,670 during 2014 (aside from the donated amount mentioned in Note 8). Rental income is billed annually or when feasible.

NOTE 11 - CONCENTRATION

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. Management believes that credit risk related to these accounts is minimal.

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JOHN JAY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 12 - RESTATEMENT

Net assets at July 1, 2013 have been restated to reclass certain donor-restricted funds from temporarily restricted net assets to permanently restricted net assets and related investment income was reclassified from unrestricted net assets to temporarily restricted net assets as per an updated donor agreement as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at July 1, 2013	\$ 3,222,579	\$ 5,526,814	\$ 100,000	\$ 8,849,393
Restatement	<u>(346,028)</u>	<u>(1,838,972)</u>	<u>2,185,000</u>	<u> </u>
Net assets at July 1, 2013 - restated	2,876,551	3,687,842	2,285,000	8,849,393
Change in net assets for the year ended June 30, 2014	650,533	387,129		1,037,662
Restatement	<u>(5,377)</u>	<u>5,377</u>	<u> </u>	<u> </u>
Net assets at July 1, 2014 - restated (Exhibit B)	<u>\$ 3,521,707</u>	<u>\$ 4,080,348</u>	<u>\$ 2,285,000</u>	<u>\$ 9,887,055</u>