



**NATIONAL CENTER ON PHILANTHROPY
AND THE LAW, INC.**

(a wholly controlled entity)

FINANCIAL STATEMENTS

AUGUST 31, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Center on Philanthropy and the Law, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the National Center on Philanthropy and the Law, Inc. (a wholly controlled entity) (the "Center"), which comprise the statements of financial position as of August 31, 2017 and 2016, the related statements of activities, 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

The Center's 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.

Auditors' 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, 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 auditors consider internal control relevant to the organization'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 organization'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 National Center on Philanthropy and the Law, Inc. as of August 31, 2017 and 2016, 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.



EISNERAMPER LLP
New York, New York
May 8, 2018

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
(a wholly controlled entity)

Statements of Financial Position

	<u>August 31,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash held by New York University	\$ 189,877	\$ 120,342
Investments (see Note B)	6,558,188	6,308,384
Contributions receivable, net (see Note C)	<u>440,349</u>	<u>332,734</u>
	<u>\$ 7,188,414</u>	<u>\$ 6,761,460</u>
NET ASSETS		
Unrestricted	\$ 4,205,105	\$ 3,887,755
Temporarily restricted (see Note G)	697,909	588,305
Permanently restricted (see Note H)	<u>2,285,400</u>	<u>2,285,400</u>
Total net assets	<u>\$ 7,188,414</u>	<u>\$ 6,761,460</u>

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.

(a wholly controlled entity)

Statements of Activities

	Year Ended August 31,							
	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 10,250	\$ 397,615	-	\$ 407,865	\$ 7,250	\$ 822,734	-	\$ 829,984
Investment earnings	179,191	92,753	-	271,944	51,748	24,790	-	76,538
Net realized and unrealized gains on investments	219,280	115,160	-	334,440	101,135	51,934	-	153,069
Other income (see Note A[7]ii)	<u>290,000</u>	<u>10,128</u>	-	<u>300,128</u>	<u>290,000</u>	<u>7,156</u>	-	<u>297,156</u>
Support and revenue before net assets released from restrictions	698,721	615,656	-	1,314,377	450,133	906,614	-	1,356,747
Net assets released from restrictions	388,177	(388,177)	-	-	595,340	(595,340)	-	-
Change in funds with deficiencies	-	-	-	-	(8,032)	8,032	-	-
Recovery of funds with deficiencies	<u>117,875</u>	<u>(117,875)</u>	-	-	-	-	-	-
Total support and revenue	<u>1,204,773</u>	<u>109,604</u>	-	<u>1,314,377</u>	<u>1,037,441</u>	<u>319,306</u>	-	<u>1,356,747</u>
Expenses:								
Program services	735,046			735,046	829,397			829,397
General and administrative	90,070			90,070	74,982			74,982
Fund-raising	<u>62,307</u>			<u>62,307</u>	<u>61,027</u>			<u>61,027</u>
Total expenses	<u>887,423</u>			<u>887,423</u>	<u>965,406</u>			<u>965,406</u>
Increase in net assets	317,350	109,604	-	426,954	72,035	319,306	-	391,341
Net assets - September 1	<u>3,887,755</u>	<u>588,305</u>	<u>\$ 2,285,400</u>	<u>6,761,460</u>	<u>3,815,720</u>	<u>268,999</u>	<u>\$ 2,285,400</u>	<u>6,370,119</u>
Net assets - August 31	<u>\$ 4,205,105</u>	<u>\$ 697,909</u>	<u>\$ 2,285,400</u>	<u>\$ 7,188,414</u>	<u>\$ 3,887,755</u>	<u>\$ 588,305</u>	<u>\$ 2,285,400</u>	<u>\$ 6,761,460</u>

The accompanying notes are an integral part of these financial statements

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
(a wholly controlled entity)

Statement of Functional Expenses

Year Ended August 31, 2017

(with summarized financial information for 2016)

	Program Services:			Total Expenses	
	Research and Education on Philanthropy	General and Administrative	Fund- Raising	2017	2016
Salaries	\$ 401,928	\$ 38,516	\$ 42,760	\$ 483,204	\$ 477,705
Fellowships	-	-	-	-	100,000
Employee benefits	59,296	5,682	6,308	71,286	64,353
Payroll taxes	25,946	2,486	2,760	31,192	30,229
Pension contribution	35,205	3,374	3,746	42,325	44,324
Professional fees	-	19,948	-	19,948	3,473
Accounting	-	14,000	-	14,000	14,275
Library services	13,360	-	-	13,360	13,360
Books and periodicals	30,645	-	-	30,645	28,938
Office supplies and equipment	4,406	422	469	5,297	3,110
Postage	327	31	35	393	558
Stationery and printing	4,997	-	-	4,997	4,467
Telephone	127	12	14	153	73
Travel	44,921	-	-	44,921	54,077
Meals and meetings	48,275	-	-	48,275	46,509
Information technology services	5,240	502	558	6,300	6,300
Rent	52,403	5,022	5,575	63,000	63,000
Memberships	3,202	-	-	3,202	3,755
Honoraria and awards	4,768	75	82	4,925	6,900
Total expenses	<u>\$ 735,046</u>	<u>\$ 90,070</u>	<u>\$ 62,307</u>	<u>\$ 887,423</u>	<u>\$ 965,406</u>

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Statement of Functional Expenses
Year Ended August 31, 2016

	Program Services:			
	Research and Education on Philanthropy	General and Administrative	Fund- Raising	Total Expenses
Salaries	\$ 395,897	\$ 39,592	\$ 42,216	\$ 477,705
Fellowships	100,000	-	-	100,000
Employee benefits	53,332	5,334	5,687	64,353
Payroll taxes	25,052	2,505	2,672	30,229
Pension contribution	36,733	3,674	3,917	44,324
Professional fees	-	3,473	-	3,473
Accounting	-	14,275	-	14,275
Library services	13,360	-	-	13,360
Books and periodicals	28,938	-	-	28,938
Office supplies and equipment	2,577	258	275	3,110
Postage	462	46	50	558
Stationery and printing	4,467	-	-	4,467
Telephone	60	7	6	73
Travel	54,077	-	-	54,077
Meals and meetings	46,509	-	-	46,509
Information technology services	5,221	522	557	6,300
Rent	52,211	5,222	5,567	63,000
Memberships	3,755	-	-	3,755
Honoraria and awards	<u>6,746</u>	<u>74</u>	<u>80</u>	<u>6,900</u>
Total expenses	<u>\$ 829,397</u>	<u>\$ 74,982</u>	<u>\$ 61,027</u>	<u>\$ 965,406</u>

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Statements of Cash Flows

	Year Ended August 31,	
	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 426,954	\$ 391,341
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Unrealized (gains) losses on investments	(348,595)	46,967
Realized losses (gains) on sales of investments	14,155	(200,036)
Changes in:		
Contributions receivable, net	<u>(107,615)</u>	<u>(332,734)</u>
Net cash used in operating activities	<u>(15,101)</u>	<u>(94,462)</u>
Cash flows from investing activities:		
Purchases of investments	(465,176)	(277,051)
Proceeds from sales of investments	<u>549,812</u>	<u>259,988</u>
Net cash provided by (used in) investing activities	<u>84,636</u>	<u>(17,063)</u>
Net change in cash held by New York University	69,535	(111,525)
Cash held by New York University at beginning of year	<u>120,342</u>	<u>231,867</u>
Cash held by New York University at end of year	<u>\$ 189,877</u>	<u>\$ 120,342</u>

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.

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Notes to Financial Statements

August 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The National Center for Philanthropy and the Law, Inc. (the "Center") was incorporated in New York in July 1996. The Center operates exclusively for charitable and educational purposes, including the promotion, encouragement, and sponsorship of study, research, and other educational activities in the area of philanthropy and the law. The Center achieves its purpose by (i) conducting or supporting activities for the benefit of New York University (the "University"), (ii) performing various functions of the University, and (iii) carrying out the purposes of the University. Members of the Board of Directors of the Center are appointed by the New York University School of Law Foundation, and, accordingly, the Center is a wholly controlled entity of the University.

As a wholly controlled entity of the University, the Center has been determined by the Internal Revenue Service to qualify as a Type I supporting organization under Section 509(a)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), is exempt under 501(c)(3) of the Code from federal income taxes, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. In addition, the Center is exempt from state and local income taxes under comparable laws. The Center qualifies for the maximum charitable contribution deduction by donors.

[2] Basis of accounting:

The accompanying financial statements of the Center have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit entities.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, support and revenue, and expenses. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

Cash and cash equivalents include all highly-liquid debt instruments with a maturity of three months or less when purchased. The Center's cash is held by the University in one of its operating accounts.

[5] Investments:

Investments are comprised of mutual funds and a money-market account. The multi-asset mutual fund consists of underlying investments with readily determinable fair values, such as global stocks and commodities. Additionally, the Center invests in debt-based mutual funds. All mutual funds are reported at fair value as of fiscal-year end in the statements of financial position.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported on the statements of activities as increases and decreases in unrestricted net assets unless their use is restricted on a temporary or permanent basis through donor stipulations. Realized gains and losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each fiscal year. The earnings from dividends and interest are recognized when earned.

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.

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Notes to Financial Statements

August 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note B are those specific fees charged by the Center's investment managers in each fiscal year; however, they do not include those fees that are embedded in mutual fund transactions.

[6] Net assets:

(i) *Unrestricted:*

Unrestricted net assets are the remaining net assets of the Center that are used to carry out the Center's mission and are not subject to donor restrictions.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

(iii) *Permanently restricted:*

Permanently restricted is defined as net assets that include gifts, pledges, trusts, and gains explicitly required by donors to be retained in perpetuity, while allowing the use of the investment return for general or specific purpose, in accordance with donor provisions. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the statements of activities, pending appropriation by the Board of Directors.

[7] Revenue recognition:

(i) *Contributions:*

Unconditional promises to contribute to the Center (if any) are recognized as revenue in the period the promise is received. Contributions receivable not expected to be collected within a year are reported at their discounted present values, at a rate commensurate with the risk involved.

(ii) *Other income:*

During fiscal-year 2016, the Nonprofit Forum became a program of the Center. The funds contributed for this program are temporarily restricted and released upon expenditure in satisfaction of the program's activities. The funds are deposited within the operating cash account held by the University. The Nonprofit Forum is a group of approximately two dozen academics and lawyers, specializing in legal issues affecting not-for-profit organizations, who meet for dinner five times each year to present and discuss prepared papers on nonprofit legal topics. This is a self-sustaining program whereby the contributions received cover all related programmatic costs, and, accordingly, these funds were fully expended during each fiscal year. Revenues related to the program totaled approximately \$10,100 and \$7,200 as of August 31, 2017 and 2016, respectively, or less than 1% of the Center's total support and revenue in each year. If the program were to be discontinued, the Center's annual revenues would continue to support its main program.

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Notes to Financial Statements
August 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Revenue recognition: (continued)

(ii) *Other income: (continued)*

Also included in other income is financial support from the University, based on a matching agreement as further described in Note F.

[8] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management. Indirect costs have been allocated on the basis of time allocation.

[9] Income taxes:

The Center is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Center's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Center's financial statements.

[10] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for fiscal reporting periods beginning after December 15, 2017. Management is currently evaluating the effect that this new guidance will have on the Center's financial statements and related disclosures.

NOTE B - INVESTMENTS

At each fiscal year-end, investments at fair value consisted of the following:

	<u>August 31,</u>	
	<u>2017</u>	<u>2016</u>
Money-market fund	\$ 5	\$ 3,999
Mutual funds	<u>6,558,183</u>	<u>6,304,385</u>
	<u>\$ 6,558,188</u>	<u>\$ 6,308,384</u>

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Notes to Financial Statements
August 31, 2017 and 2016

NOTE B - INVESTMENTS (CONTINUED)

For each fiscal year, investment earnings consisted of the following:

	Year Ended August 31,	
	2017	2016
Interest and dividends	\$ 271,944	\$ 76,538
Realized (losses) gains	(14,155)	200,036
Unrealized gains (losses)	<u>348,595</u>	<u>(46,967)</u>
	606,384	229,607
Investment fees	<u>(2,577)</u>	<u>(3,473)</u>
Net investment income	<u>\$ 603,807</u>	<u>\$ 226,134</u>

Authoritative guidance for fair-value measurements, ASC Topic 820, *Fair Value Measurement*, establishes a hierarchy of valuation methodologies based on the extent to which asset valuations are observable in the marketplace. The following describes the hierarchy of methodologies used to measure fair value of investments:

Fair value for Level 1 is based on quoted prices in actively traded markets that the Center has the ability to access for identical assets. Market price data is generally obtained from exchange or dealer markets. The Center does not adjust the quoted price for such assets.

Fair value for Level 2 is based on quoted prices for instruments similar to those held by the Center in actively traded markets, quoted prices for identical instruments held by the Center in markets that are not actively traded and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources, including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques used to assess prices that are unobservable, as the assets trade infrequently or not at all.

The Center's investments at August 31, 2017 and 2016 were all considered to be in Level 1. During fiscal-years 2017 and 2016, there were no transfers among Levels 1, 2, or 3.

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Notes to Financial Statements
August 31, 2017 and 2016

NOTE C - CONTRIBUTIONS RECEIVABLE

At each fiscal year-end, contributions receivable were estimated to be due as follows:

	August 31,	
	2017	2016
Less than one year	\$ 250,000	\$ 50,000
One year to five years	<u>200,000</u>	<u>300,000</u>
	450,000	350,000
Reduction of pledges due in excess of one year to present value, at a discount rate of 2%	<u>(9,651)</u>	<u>(17,266)</u>
	<u>\$ 440,349</u>	<u>\$ 332,734</u>

Management believes the amounts reported above to be fully collectible; accordingly, no allowance for doubtful account has been established.

NOTE D - CONCENTRATION OF REVENUE

Approximately 43% of the Center's total support was provided by one donor, unique to fiscal-years 2017 and 2016, respectively. Due to the contributions the Center receives from various donors in each year, the Center is not solely reliant on any particular donor.

NOTE E - RETIREMENT PLAN

The employees of the University who are affiliated with the Center participate in an Internal Revenue Service Section 403(b) defined-contribution plan with the University. Pension costs charged to operations were \$42,325 and \$44,324 for fiscal-years 2017 and 2016, respectively.

NOTE F - RELATED-PARTY TRANSACTIONS

The Center rents a furnished office from the University, and utilizes various services of the University's School of Law, including library resources and computer technology. The Center reimburses the University for the costs of the office and related services, as well as for the compensation of Center employees who are paid directly by the University. The University also provides the Center with some immaterial administrative support. In addition, the Center receives financial support from the University, based on a matching agreement, the amount of which was \$290,000 during fiscal-years 2017 and 2016, and which is included as other income in the accompanying statements of activities.

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Notes to Financial Statements
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NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets were associated with the following:

	August 31,	
	2017	2016
Program restrictions:		
Scholarships and fellowships	\$ 90,180	\$ 80,180
Conferences	143,018	143,018
Scientific, literary, and education efforts	639	639
Professorship	-	8,032
Time restrictions	<u>464,072</u>	<u>356,436</u>
	<u>\$ 697,909</u>	<u>\$ 588,305</u>

During each fiscal year, net assets released from restrictions as the result of satisfying donor restrictions were as follows:

	August 31,	
	2017	2016
Program restrictions satisfied:		
Scholarships and fellowships	\$ -	\$ 5,789
Conferences	30,000	30,000
Scientific, literary, and education efforts	-	150,000
Professorship	98,070	96,097
Nonprofit Forum	10,128	7,156
Time restrictions satisfied	<u>249,979</u>	<u>306,298</u>
	388,177	595,340
Change in funds with deficiencies	-	(8,032)
Recovery of funds with deficiencies	<u>117,875</u>	<u>-</u>
	<u>\$ 506,052</u>	<u>\$ 587,308</u>

NOTE H - ENDOWMENT

[1] The endowment:

The Center's endowment consists entirely of donor-restricted funds, of which \$2,000,000 was established for the purpose of a professorship and the balance was established to fund general activities. The Center does not have any funds designated by the Board of Directors to function as endowment.

[2] Interpretation of relevant law:

The terms of NYPMIFA are applicable to the Center. NYPMIFA principally addresses (i) the management and investment of all of a not-for-profit entity's "institutional funds" (which are mainly the financial assets of the entity and which exclude programmatic assets such as buildings or operating facilities), and (ii) the appropriations by the governing board of earnings derived from both donor-restricted and board-designated endowment funds. In essence, NYPMIFA requires all of the financial resources of the entity to be used in a "prudent" fashion, with the express approval and action of the governing board. The Board of Directors continues to adhere to NYPMIFA's requirements.

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Notes to Financial Statements
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NOTE H - ENDOWMENT (CONTINUED)

[3] Changes in endowment net assets, during each fiscal year:

	Year Ended August 31, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets and the earnings thereon, beginning of the fiscal year	<u>\$ (145,044)</u>	<u>\$ 8,032</u>	<u>\$ 2,285,400</u>	<u>\$ 2,148,388</u>
Investment return:				
Investment earnings, net	-	92,753	-	92,753
Net appreciation (realized and unrealized)	-	115,160	-	115,160
Total net investment return	-	207,913	-	207,913
Appropriation of endowment assets for expenditure		(98,070)	-	(98,070)
Recovery of funds with deficiencies	117,875	(117,875)	-	-
Endowment net assets and the earnings thereon, end of the fiscal year	<u>\$ (27,169)</u>	<u>\$ -</u>	<u>\$ 2,285,400</u>	<u>\$ 2,258,231</u>

	Year Ended August 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets and the earnings thereon, beginning of the fiscal year	<u>\$ (137,012)</u>	<u>\$ 19,373</u>	<u>\$ 2,285,400</u>	<u>\$ 2,167,761</u>
Investment return:				
Investment earnings, net	-	24,790	-	24,790
Net appreciation (realized and unrealized)	-	51,934	-	51,934
Total net investment return	-	76,724	-	76,724
Appropriation of endowment assets for expenditure		(96,097)	-	(96,097)
Other changes – funds with deficiencies	(8,032)	8,032	-	-
Endowment net assets and the earnings thereon, end of the fiscal year	<u>\$ (145,044)</u>	<u>\$ 8,032</u>	<u>\$ 2,285,400</u>	<u>\$ 2,148,388</u>

[4] Endowment objectives:

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to objectives supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

[5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donors' original, permanently restricted contributions. At August 31, 2017 and 2016, deficiencies amounted to \$27,169 and \$145,044, respectively, and were reported in unrestricted net assets in the accompanying financial statements. Under the terms of NYPMIFA, the Center has no responsibility to restore such decreases in value.

NATIONAL CENTER ON PHILANTHROPY AND THE LAW, INC.
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Notes to Financial Statements
August 31, 2017 and 2016

NOTE H - ENDOWMENT (CONTINUED)

[6] Spending policy and relationship to the spending policy:

In 2012, the Board adopted a spending policy in the context of the Center's overall financial performance to maintain a prudent investment of the endowment assets. Each year, the Center's Board of Directors plans to appropriate for expenditure an amount from the Center's endowment funds that is determined to be prudent, after consideration of the eight factors listed in NYPMIFA.

NOTE I - SUBSEQUENT EVENTS

The Center performed an evaluation of subsequent events through May 8, 2018, which is the date the financial statements were available to be issued.