

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2019 AND 2018

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

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## **Independent Auditors' Report**

To the Board of Directors  
The Inner-City Foundation for Charity & Education, Inc.  
Bridgeport, Connecticut

We have audited the accompanying financial statements of The Inner-City Foundation for Charity & Education, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses 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.

### **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 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 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 auditors consider 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 Inner-City Foundation for Charity & Education, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of charitable and social grants awarded for the years ended June 30, 2019 and 2018, and the schedule of educational grants awarded for the years ended June 30, 2019 and 2018, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
March 25, 2020

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 340,048	\$ 336,614
Pledges receivable	-	35,250
Prepaid expenses	16,013	13,109
Investments	7,262,557	7,347,467
Property and equipment, net	<u>1,566</u>	<u>2,117</u>
<b>Total Assets</b>	<b><u>\$ 7,620,184</u></b>	<b><u>\$ 7,734,557</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 595	\$ 10,795
Grants and awards payable	529,000	526,000
Deferred revenue	<u>5,000</u>	<u>3,000</u>
Total liabilities	<u>534,595</u>	<u>539,795</u>
<b>Net Assets</b>		
Net assets without donor restrictions	5,721,325	2,499,020
Net assets with donor restrictions	<u>1,364,264</u>	<u>4,695,742</u>
Total net assets	<u>7,085,589</u>	<u>7,194,762</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,620,184</u></b>	<b><u>\$ 7,734,557</u></b>

The accompanying notes are an integral part of the financial statements

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support and Other Changes</b>						
Special events:						
Revenue	\$ 585,860	\$ 20,750	\$ 606,610	\$ 791,912	\$ 45,250	\$ 837,162
Expenses	(150,950)	-	(150,950)	(194,547)	-	(194,547)
Net special events	434,910	20,750	455,660	597,365	45,250	642,615
Investment income	102,401	69,803	172,204	66,564	98,942	165,506
Contributions	34,244	4,250	38,494	3,500	24,000	27,500
Donations in-kind	7,200	-	7,200	7,200	-	7,200
Net assets released from restrictions	3,270,433	(3,270,433)	-	128,957	(128,957)	-
Total revenue, support and other changes	3,849,188	(3,175,630)	673,558	803,586	39,235	842,821
<b>Expenses</b>						
Program services	885,744	-	885,744	984,220	-	984,220
Management and general	55,576	-	55,576	45,587	-	45,587
Fundraising	151,507	-	151,507	159,027	-	159,027
Total expenses	1,092,827	-	1,092,827	1,188,834	-	1,188,834
<b>Income (Loss) from Operations</b>	2,756,361	(3,175,630)	(419,269)	(385,248)	39,235	(346,013)
<b>Other Changes in Net Assets</b>						
Investment gains, net of investment advisory fees of \$53,777 in 2019 and \$57,237 in 2018	465,944	(155,848)	310,096	201,447	320,504	521,951
<b>Increase (Decrease) in Net Assets</b>	3,222,305	(3,331,478)	(109,173)	(183,801)	359,739	175,938
<b>Net Assets - Beginning of Year</b>	2,499,020	4,695,742	7,194,762	2,682,821	4,336,003	7,018,824
<b>Net Assets - End of Year</b>	\$ 5,721,325	\$ 1,364,264	\$ 7,085,589	\$ 2,499,020	\$ 4,695,742	\$ 7,194,762

The accompanying notes are an integral part of the financial statements

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (109,173)	\$ 175,938
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	551	816
Investment gains, net	(310,096)	(521,951)
Donated securities	(33,174)	(25,474)
Increase (decrease) in operating assets:		
Pledges receivable	35,250	250
Prepaid expenses	(2,904)	(10,096)
(Increase) decrease in operating liabilities:		
Accounts payable and accrued expenses	(10,200)	(4,411)
Grants and awards payable	3,000	(72,000)
Deferred revenue	2,000	-
Net cash used in operating activities	<u>(424,746)</u>	<u>(456,928)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(1,518,354)	(1,767,620)
Proceeds from sales of investments	1,946,534	2,112,475
Acquisition of property and equipment	-	(1,782)
Net cash provided by investing activities	<u>428,180</u>	<u>343,073</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,434	(113,855)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>336,614</u>	<u>450,469</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 340,048</u>	<u>\$ 336,614</u>

The accompanying notes are an integral part of the financial statements

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>Functional Expenses</b>								
Educational grants	\$ 546,223	\$ -	\$ -	\$ 546,223	\$ 611,554	\$ -	\$ -	\$ 611,554
Charitable and social grants	213,000	-	-	213,000	265,500	-	-	265,500
Personnel costs	83,405	26,064	64,292	173,761	83,883	16,776	67,105	167,764
Outside services	32,912	8,228	61,712	102,852	12,248	2,449	66,951	81,648
Professional fees	-	15,500	-	15,500	-	17,500	-	17,500
Miscellaneous	528	1,056	8,980	10,564	545	3,271	7,087	10,903
Meeting expenses	2,537	2,538	3,383	8,458	2,058	2,058	2,745	6,861
Occupancy	2,880	360	3,960	7,200	2,880	1,080	3,240	7,200
Office supplies	1,661	553	3,320	5,534	3,022	671	3,021	6,714
Telephone	2,054	411	1,643	4,108	1,499	500	2,165	4,164
Printing	104	103	1,863	2,070	62	62	1,111	1,235
Postage and delivery	382	192	1,341	1,915	796	318	2,070	3,184
Depreciation	-	551	-	551	-	816	-	816
Marketing and public relations	-	-	436	436	-	-	2,006	2,006
Travel	58	20	315	393	173	86	972	1,231
Books and subscriptions	-	-	262	262	-	-	554	554
<b>Total</b>	<b>\$ 885,744</b>	<b>\$ 55,576</b>	<b>\$ 151,507</b>	<b>\$ 1,092,827</b>	<b>\$ 984,220</b>	<b>\$ 45,587</b>	<b>\$ 159,027</b>	<b>\$ 1,188,834</b>

The accompanying notes are an integral part of the financial statements



# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - ORGANIZATION

The Inner-City Foundation for Charity & Education, Inc. (the Foundation) was incorporated in 1991 by certain officers of The Bridgeport Roman Catholic Diocesan Corporation (the Diocese) as a nonsectarian organization for the purpose of supporting a variety of not-for-profit organizations that provide assistance, including food, clothing, shelter, counseling and education to at-risk and needy children and adults of Fairfield County. Certain officers of the Foundation are also officers of the Diocese. However, the Foundation's Board of Directors is responsible for the management and operation of the Foundation.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in the following net asset categories:

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. Designated net assets represent special designations established by the Board of Directors for funds functioning as The Inner-City Foundation Board of Directors' Endowment Fund as more fully described in Note 9.

#### Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and accumulated investment gains and income on donor-restricted endowment assets that have not been appropriated for expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity, but permit the Foundation to expend the income earned thereon, as specified by the donor when the endowments were established.

#### Measure of Operations

The Foundation's measure of operations includes all changes in net assets except for investment gains and losses.

#### Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Foundation is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

#### Cash and Cash Equivalents

The Foundation considers bank accounts and all highly liquid investments with an initial maturity of 90 days or less to be cash and cash equivalents. Cash and cash equivalents exclude such amounts held by financial institutions as part of the Foundation's investment portfolio.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Foundation reports nongovernmental contributions and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor 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 as net assets released from restrictions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### Investment Valuation and Income Recognition

Investments 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. See Note 6 for a discussion of fair value measurements. Realized and unrealized gains and losses on these investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Foundation's gains and losses on investments bought and sold as well as held during the year.

### Property and Equipment

All expenditures for property and equipment that exceed \$500 and are expected to have a useful life of three years or more are capitalized and recorded at cost. Donated assets are recorded at fair market value. Depreciation is provided using the straight-line method based on estimated useful lives.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

### Donated Property and Services

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 (see Note 12).

Donated property and the use of equipment and facilities are recorded as support and expenses at fair market value when determinable, otherwise, at values indicated by the donor (see Note 12).

While many individuals volunteer their time and perform a variety of tasks that assist the Foundation, no amounts have been recorded in the accompanying financial statements for such services, except for a donated event speaker performance in 2019, because the criteria for recording such volunteer efforts under accounting principles generally accepted in the United States of America have not been met.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs and outside services	Percentage of time spent on various functions
Occupancy	Square footage
Meeting expenses	Time and effort
Office supplies	Time and effort
Telephone	Time and effort
Postage and delivery	Time and effort
Printing	Time and effort
Travel	Time and effort
Miscellaneous	Time and effort

### 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 certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates. Management has used estimates primarily in determining the allowance for unconditional promises to give and in valuing donations in-kind. It is management's opinion that the estimates applied in the accompanying financial statements are reasonable.

### Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation.

### Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through March 25, 2020, which represents the date the financial statements were available to be issued. Additionally, refer to Note 10 for details regarding material subsequent events.

Subsequent to the balance sheet date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of the coronavirus. As a result, the current fair value of the Foundation's investments may be materially different from the amounts recorded in the financial statements as of June 30, 2019.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has various sources of liquidity at its disposal including cash and cash equivalents, and marketable debt and equity securities. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation anticipates generating additional contributions, collecting sufficient revenue and utilizing approved appropriation of endowment assets to cover general expenditures.

The following financial assets could readily be made available within one year of the statements of financial position date to meet general expenditures as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 340,048	\$ 336,614
Pledges receivable	-	35,250
Approved appropriation of endowment assets	54,034	218,050
Investments not encumbered by donor restriction or board designation	<u>3,783,190</u>	<u>430,749</u>
Total	<u>\$ 4,177,272</u>	<u>\$ 1,020,663</u>

### NOTE 4 - CONCENTRATIONS

The Foundation's financial instruments that are exposed to concentrations of credit risk are as follows:

#### **Cash and Cash Equivalents**

The Foundation places its cash deposits with high credit-quality institutions. Such deposits exceed federal depository insurance limits at times during the year. Management believes that the Foundation's deposits are not subject to significant credit risk.

#### **Investments**

The Foundation's investments are comprised of money market funds, various stocks and mutual funds investing in bonds. The money market funds are not protected by federal depository insurance. The value of the stocks and mutual funds are subject to fluctuations due to general market conditions and interest rates.

#### **Revenue**

The Foundation receives a significant portion of its revenue from an annual fundraising dinner held each year in the fall. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Foundation's programs and services.

### NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable, which represent promises made by individuals and corporations receivable in less than one year, consisted of \$35,250 at June 30, 2018. Based on management's assessment of outstanding balances, it has concluded that no reserve is deemed necessary at June 30, 2018. There were no pledges receivable at June 30, 2019.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6 - FAIR VALUE MEASUREMENTS

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

#### **Level 1**

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

#### **Level 2**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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 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:

#### **Money Market Funds**

Money market funds are valued at the quoted net asset value of shares reported in the active market in which the money market funds are traded.

#### **Mutual Funds**

Mutual funds are valued at the quoted net asset value of shares held by the Foundation at year end.

#### **Common Stocks**

Common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

There have been no changes in the methodologies used at June 30, 2019 and 2018.

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.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019 and 2018:

Description	2019			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 193,267	\$ -	\$ -	\$ 193,267
Mutual funds:				
Fixed income	477,514	-	-	477,514
Equity	1,769,726	-	-	1,769,726
Common stocks	4,822,050	-	-	4,822,050
Total Assets at Fair Value	\$ <u>7,262,557</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,262,557</u>

Description	2018			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 264,847	\$ -	\$ -	\$ 264,847
Mutual funds:				
Fixed income	440,112	-	-	440,112
Equity	1,771,536	-	-	1,771,536
Common stocks	4,870,972	-	-	4,870,972
Total Assets at Fair Value	\$ <u>7,347,467</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,347,467</u>

### NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2019 and 2018:

	2019	2018
Furniture	\$ 7,625	\$ 7,625
Equipment	9,914	9,914
	<u>17,539</u>	<u>17,539</u>
Less accumulated depreciation	<u>15,973</u>	<u>15,422</u>
Property and Equipment, Net	\$ <u>1,566</u>	\$ <u>2,117</u>

### NOTE 8 - GRANTS AND AWARDS PAYABLE

Grants and awards payable for charitable and social initiatives were \$146,500 and \$79,500 at June 30, 2019 and 2018. Grants and awards payable for educational initiatives were \$382,500 and \$446,500 at June 30, 2019 and 2018.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's Board of Directors (the Board) has designated a portion of its net assets without donor restrictions to function as endowment, which is known as The Inner-City Foundation Board of Directors' Endowment Fund (the board-designated endowment). Income generated from the board-designated endowment is available annually for grant awards or management and general expenses. The principal cannot be invaded unless deemed appropriate and only upon approval of three-fourths of the Board present at a duly constituted meeting. During the year ended June 30, 2019, the Board appropriated \$250,000 from the board-designated endowment for grant awards.

The Board has set a goal to increase the board-designated endowment balance until it reaches \$3,000,000. The increase will be funded by earnings of the board-designated endowment. If total investment return in any year is a net loss, the endowment will be reduced by the amount of the loss.

The Foundation allocated \$144,127 and \$225,150 of investment income to the board-designated endowment at June 30, 2019 and 2018, respectively.

Net assets without donor restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 3,606,222	\$ 278,044
Board-designated endowment	1,812,716	1,937,777
Board-designated endowment - B. Mitchell Scholarship Fund	197,072	184,567
Board-designated endowment - J. Robards Scholarship Fund	<u>105,315</u>	<u>98,632</u>
Total Net Assets Without Donor Restrictions	<u>\$ 5,721,325</u>	<u>\$ 2,499,020</u>

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Restricted in perpetuity:		
U.S.T. Scholarships	\$ 750,000	\$ 750,000
Boehringer Ingelheim Shehan Center Scholarships	50,000	50,000
Mars & Co. Tutor Scholarships	50,000	50,000
Mercede Scholarship	15,000	15,000
Welch Scholarship	-	2,050,000
Total restricted in perpetuity	<u>865,000</u>	<u>2,915,000</u>
Specific purpose:		
Accumulated earnings on endowment funds with donor restrictions	480,974	1,714,133
Special education - remedial reading	18,290	17,130
Social initiatives	-	10,088
General education initiatives	-	4,141
Passage of time:		
Pledges receivable	<u>-</u>	<u>35,250</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,364,264</u>	<u>\$ 4,695,742</u>

In January 2020, the donor of the U.S.T. Scholarships fund restricted in perpetuity removed the perpetual restriction of the corpus of \$750,000 to be available for specified purposes.

### NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the following purpose or time restrictions for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of donor restriction:		
Welch Scholarship	\$ 2,978,669	\$ -
U.S.T. Scholarships	191,075	49,830
Mars & Co. Tutor Scholarships	20,033	8,000
Other scholarships	15,066	-
Kolbe Cathedral High School	14,198	10,000
Social initiatives	10,504	11,004
Boehringer Ingelheim Shehan Center	4,000	7,600
Mercede Scholarship	1,648	1,224
Education	-	1,799
Special education	-	4,000
Passage of time:		
Pledges receivable	<u>35,250</u>	<u>35,500</u>
Total Support	<u>\$ 3,270,443</u>	<u>\$ 128,957</u>



# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12 - DONATED PROPERTY AND SERVICES

The Foundation has recorded the estimated fair market value of donated property and services during the years ended June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Included in revenue and support:		
Donated rent	\$ 7,200	\$ 7,200
Donated fundraising goods and services	<u>21,431</u>	<u>14,679</u>
Total Support	<u>\$ 28,631</u>	<u>\$ 21,879</u>

The Foundation has included in-kind occupancy costs of \$7,200 in the accompanying statements of functional expenses for the years ended June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, donated fundraising goods and services of \$21,431 and \$14,679 are included in special events revenue and expenses in the accompanying statements of activities.

### NOTE 13 - BENEFIT PLANS

The Bridgeport Diocesan Defined Contribution Retirement Plan (the New Plan) is a multi-employer defined contribution plan sponsored by the Diocese. The New Plan was effective August 1, 2010 and covers lay employees of the sponsor and employees of participating Diocesan employers who work at least 30 hours per week, have attained the age of 21 and completed 1 year of service. The Foundation contributed \$4,250 and \$6,350 to the New Plan during the years ended June 30, 2019 and 2018, respectively.

The Bridgeport Diocesan Pension Plan (the Old Plan) was a multi-employer defined benefit pension plan sponsored by the Diocese. The Old Plan covered all lay employees of the sponsor and employees of participating Diocesan employers who worked 20 or more hours per week, had attained the age of 30 and had at least 3 years of continuous service prior to July 2, 2008 when participation was frozen. Effective July 31, 2010, benefits under the Old Plan were frozen.

Future contributions to the Old Plan will be required from the participating employers, including the Foundation, over the remaining lives of the participants to meet the Old Plan's obligations to those participants. The contribution amounts have not been determined, but will vary depending on future investment results, among other factors, and will be required annually beginning in July 2011. The Foundation contributed \$6,132 and \$6,192 to the Old Plan during the years ended June 30, 2019 and 2018, respectively (see Note 14).

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14 - RELATED PARTY TRANSACTIONS

The Foundation participates in employee benefit and insurance programs provided by the Diocese to Diocesan entities. The Foundation also purchases certain administrative services from the Diocese.

The Foundation incurred the following expenses with respect to these items during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Personnel costs	\$ 23,898	\$ 27,833
Bridgeport Diocesan Pension Plan (Old Plan - see Note 13)	6,132	6,192
Postage and delivery	<u>328</u>	<u>134</u>
Total	<u>\$ 30,358</u>	<u>\$ 34,159</u>

The Foundation has the use of office space owned by the Diocese, the value of which has been recorded as in-kind revenue of \$7,200 and a corresponding expense for occupancy costs for 2019 and 2018.

### NOTE 15 - ENDOWMENT

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, 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, (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, and (d) amounts that are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTPMIFA.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

### Endowment Net Assets

Endowment net asset composition by type of fund is as follows as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,345,974	\$ 2,115,103
Board-designated endowment funds	<u>2,115,103</u>	<u>-</u>	<u>6,153,025</u>
Total	<u>\$ 6,153,025</u>	<u>\$ 1,345,974</u>	<u>\$ 17,882,230</u>

Endowment net asset composition by type of fund is as follows as of June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 4,629,133	\$ 2,220,976
Board-designated endowment funds	<u>2,220,976</u>	<u>-</u>	<u>16,108,375</u>
Total	<u>\$ 16,108,375</u>	<u>\$ 4,629,133</u>	<u>\$ 41,287,835</u>

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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Changes in endowment net assets for the years ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - July 1, 2017	\$ 1,990,826	\$ 4,279,880	\$ 6,270,706
Contributions	5,000	-	5,000
Investment return:			
Investment income and gains, net	225,150	415,907	641,057
Appropriation of endowment assets	<u>-</u>	<u>(66,654)</u>	<u>(66,654)</u>
Endowment net assets - June 30, 2018	2,220,976	4,629,133	6,850,109
Investment return:			
Investment income and gains (losses), net	144,127	(87,777)	56,350
Donor release of restriction		(2,978,659)	(2,978,659)
Appropriation of endowment assets	<u>(250,000)</u>	<u>(216,723)</u>	<u>(466,723)</u>
Endowment Net Assets - June 30, 2019	<u>\$ 2,115,103</u>	<u>\$ 1,345,974</u>	<u>\$ 3,461,077</u>

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies 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 the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Foundation, the endowment assets are invested in a manner that is intended to meet the Foundation's primary objective of preservation of capital and secondary objective of income production and long-term capital appreciation.

### Funds with Deficiencies

From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2019 or 2018.

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### **Strategies Employed for Achieving Objectives**

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 asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation's spending policy is to make grants and contributions based upon the availability of funding derived from unrealized and realized gains, interest and investment income, which is also subject to donor restrictions and requirements. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.



## **Supplementary Information**

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## SCHEDULE OF CHARITABLE AND SOCIAL GRANTS AWARDED FOR THE YEAR ENDED JUNE 30, 2019

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### Charitable and Social Grants

Bridgeport Rescue Mission, Inc.	\$	18,000
Catholic Charities of Fairfield County		20,000
Child & Family Guidance Center		14,500
Children in Placement, Inc.		6,000
Family Centers, Inc.		6,000
Filling in the Blanks, Inc.		3,500
Homes with Hope		8,500
HSC/Appley School Based Health Clinic		5,000
Inspirica, Inc.		10,000
Jewish Senior Services		5,000
Laurel House		12,500
LifeBridge Community Services		2,000
Malta House, Inc.		17,000
New Covenant Center		15,000
New Reach, Inc.		12,000
Shelter of the Cross, Inc.		10,000
St. Joseph Parenting Center, Inc.		9,000
Stamford Peace Youth Foundation		5,000
Sterling House Community Center		6,000
Thomas Merton Center		18,000
Tiny Miracles Foundation		5,000
WorkPlace Inc.		5,000
		<hr/>
<b>Total</b>	<b>\$</b>	<b><u>213,000</u></b>

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## SCHEDULE OF CHARITABLE AND SOCIAL GRANTS AWARDED FOR THE YEAR ENDED JUNE 30, 2018

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### Charitable and Social Grants

Bridgeport Neighborhood Trust, Inc.	\$	7,500
Bridgeport Rescue Mission, Inc.		15,000
CancerCare of Connecticut		2,500
Catholic Charities of Fairfield County		10,000
Center for Family Justice, Inc.		20,000
Circle of Care for Families of Children with Cancer		3,000
Connecticut Association for Human Services		2,500
Domestic Violence Crisis Center		7,500
Emerge, Inc.		7,000
Exchange Club Parenting Skills Center		7,000
Family Centers, Inc.		6,000
Family ReEntry Inc.		3,000
Good Samaritan Mission, Inc.		5,000
HSC/Appleby School Based Health Clinic		10,000
Inspirica, Inc.		7,500
Kids in Crisis, Inc.		10,000
LifeBridge Community Services		10,000
Malta House, Inc.		15,000
New Covenant Center		20,000
New Neighborhoods, Inc.		5,000
Open Door Shelter, Inc.		14,000
Pacific House, Inc.		5,000
Pro Bono Partnership		3,000
Ronald McDonald House Charities		1,500
Stamford Peace Youth Foundation		10,000
Sterling House Community Center		6,000
Thomas Merton Center		35,000
Tiny Miracles Foundation		5,000
Women's Center of Greater Danbury, Inc.		7,500
WorkPlace Inc.		5,000
		<hr/>
<b>Total</b>	<b>\$</b>	<b>265,500</b>
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# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## SCHEDULE OF EDUCATIONAL GRANTS AWARDED FOR THE YEAR ENDED JUNE 30, 2019

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### Educational Grants

Bridgeport Caribe Youth Leaders	\$	5,000
Bridgeport Public Education Fund		10,000
Cardinal Shehan Center		10,500
Caroline House, Inc.		10,500
Carver Foundation of Norwalk, Inc.		10,000
Catholic Academy of Bridgeport		144,000
Character Connection Initiative, Inc.		10,000
Children's Learning Center, Fairfield County		5,000
Junior Achievement of Greater Fairfield County		3,500
Kolbe-Cathedral High School		220,075
Mercy Learning Center		45,000
Person-to-Person		10,000
Sacred Heart University		17,500
Shepherds, Inc.		15,000
St. Catherine Center for Special Needs		21,000
Stamford Public Education Foundation		5,000
Trinity Catholic High School		1,648
Urban Impact of Blackrock, Inc.		<u>2,500</u>
<b>Total</b>	<b>\$</b>	<b><u><u>546,223</u></u></b>

# THE INNER-CITY FOUNDATION FOR CHARITY & EDUCATION, INC.

## SCHEDULE OF EDUCATIONAL GRANTS AWARDED FOR THE YEAR ENDED JUNE 30, 2018

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### Educational Grants

Adam J. Lewis Preschool	\$	10,000
Bridgeport Public Education Fund		5,000
Building One Community		3,500
Cardinal Shehan Center		15,000
Caroline House, Inc.		20,000
Carver Foundation of Norwalk, Inc.		10,000
Catholic Academy of Bridgeport		180,000
Domus Foundation		10,000
Future 5, Inc.		3,000
Junior Achievement of Greater Fairfield County		5,000
Klein Memorial Auditorium		10,000
Kolbe-Cathedral High School		195,830
LVA School - Danbury		5,000
Mercy Learning Center		45,000
Neighborhood Studios of Fairfield County		2,500
Norwalk Community College Foundation, Inc.		5,000
Norwalk Housing Foundation		7,500
Person-to-Person		10,000
Sacred Heart University		10,000
Shepherds, Inc.		12,500
SoundWaters, Inc.		3,500
St. Catherine Center for Special Needs		34,000
Stamford Public Education Foundation		8,000
Trinity Catholic High School		<u>1,224</u>
<b>Total</b>	<b>\$</b>	<b><u><u>611,554</u></u></b>