



*Bethlehem University Foundation*

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Years Ended  
August 31, 2021 and 2020**

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**

**Table of Contents**

**Independent Auditors’ Report** ..... 1-2

**Audited Financial Statements:**

    Statements of Financial Position ..... 3

    Statements of Activities..... 4

    Statement of Functional Expenses for the Year Ended August 31, 2021 ..... 5

    Statement of Functional Expenses for the Year Ended August 31, 2020..... 6

    Statements of Cash Flows..... 7

**Notes to the Financial statements** ..... 8-17

## **INDEPENDENT AUDITORS' REPORT**

**Board of Directors**  
***The Bethlehem University Foundation, Inc.***  
**Beltsville, Maryland**

We have audited the accompanying financial statements of ***The Bethlehem University Foundation, Inc.*** (a non-profit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and 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**

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.

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**

**Independent Auditors' Report**

**Page 2**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bethlehem University Foundation, Inc. as of August 31, 2021 and 2020, 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.

*DeLeon & Stang*

**DeLeon & Stang, CPAs and Advisors**

**Frederick, Maryland**

**November 18, 2021**

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Statements of Financial Position**  
**August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 244,291	\$ 400,513
Investments - Notes 3 and 4	33,167,050	27,204,199
Pledges receivable, net - Note 5	382,706	1,031,745
Prepaid expenses and other current assets	6,089	9,697
Computer equipment, net of accumulated depreciation of \$1,304 and \$131, respectively	6,693	5,449
<b>Total Assets</b>	<b>\$ 33,806,829</b>	<b>\$ 28,651,603</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Liabilities:</u></b>		
Accounts payable and accrued expenses	\$ 23,345	\$ 24,685
Deferred rent	11,940	12,588
Total liabilities	35,285	37,273
<b><u>Net assets:</u></b>		
Without donor restrictions	593,721	605,283
With donor restrictions - Note 7	33,177,823	28,009,047
Total net assets	33,771,544	28,614,330
<b>Total Liabilities and Net Assets</b>	<b>\$ 33,806,829</b>	<b>\$ 28,651,603</b>

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Statements of Activities**  
**For the years ended August 31, 2021 and 2020**

<b>Revenue and support:</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020 Total</b>
Contributions	\$ 112,674	\$ 1,004,404	\$ 1,117,078	\$ 288,456	\$ 1,647,212	\$ 1,935,668
In-kind contributions	27,365	-	27,365	16,700	-	16,700
Investment income, net of fees totaling \$106,522 and \$99,967, respectively	960	6,573,791	6,574,751	929	3,305,611	3,306,540
Special events	-	-	-	100,655	-	100,655
Other income	363	-	363	2,850	-	2,850
Net assets released from restrictions - Note 7	<u>2,409,419</u>	<u>(2,409,419)</u>	<u>-</u>	<u>3,934,823</u>	<u>(3,934,823)</u>	<u>-</u>
Total revenue and support	2,550,781	5,168,776	7,719,557	4,344,413	1,018,000	5,362,413
 <b>Expenses:</b>						
Grants and related expenses	2,045,471	-	2,045,471	3,359,704	-	3,359,704
Management and general	289,099	-	289,099	489,463	-	489,463
Fundraising	<u>227,773</u>	<u>-</u>	<u>227,773</u>	<u>253,279</u>	<u>-</u>	<u>253,279</u>
Total expenses	<u>2,562,343</u>	<u>-</u>	<u>2,562,343</u>	<u>4,102,446</u>	<u>-</u>	<u>4,102,446</u>
 <b>Change in net assets</b>	 (11,562)	 5,168,776	 5,157,214	 241,967	 1,018,000	 1,259,967
 <b>Net assets, beginning of year</b>	 <u>605,283</u>	 <u>28,009,047</u>	 <u>28,614,330</u>	 <u>363,316</u>	 <u>26,991,047</u>	 <u>27,354,363</u>
 <b>Net assets, end of year</b>	 <u>\$ 593,721</u>	 <u>\$ 33,177,823</u>	 <u>\$ 33,771,544</u>	 <u>\$ 605,283</u>	 <u>\$ 28,009,047</u>	 <u>\$ 28,614,330</u>

See accompanying Notes to the Financial Statements.

**THE BETHLEHEM FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the year ended August 31, 2021**

	<b>Grants</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Endowment awards - Note 8	\$ 1,166,854	\$ -	\$ -	\$ 1,166,854
University support - Note 9	848,778	-	-	848,778
Administrative costs allocated:				
Salaries	22,128	78,992	130,594	231,714
Benefits	2,482	7,519	20,227	30,228
Payroll taxes	1,598	9,164	8,008	18,770
	26,208	95,675	158,829	280,712
Contract service fees	-	73,916	53,949	127,865
Religious stipend	-	50,031	-	50,031
Rent	-	34,392	-	34,392
Insurance	-	9,067	-	9,067
Travel	-	6,559	2,267	8,826
Postage and delivery	-	1,114	5,809	6,923
Communications	631	3,165	950	4,746
Credit card fees	2,982	1,716	-	4,698
Licenses	-	2,969	1,644	4,613
Printing and reproduction	-	29	3,406	3,435
Hospitality	-	1,672	759	2,431
Equipment rental	-	2,146	-	2,146
Office supplies	-	2,076	-	2,076
Bank fees	18	1,645	-	1,663
Legal	-	1,381	-	1,381
Depreciation	-	1,173	-	1,173
Other business expenses	-	155	160	315
Advertising	-	118	-	118
Meeting registrations	-	100	-	100
<b>Total</b>	<b>\$ 2,045,471</b>	<b>\$ 289,099</b>	<b>\$ 227,773</b>	<b>\$ 2,562,343</b>

See accompanying Notes to the Financial Statements.

**THE BETHLEHEM FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the year ended August 31, 2020**

	Grants	General and Administrative	Fundraising	Total
Endowment awards - Note 8	\$ 2,556,929	\$ -	\$ -	\$ 2,556,929
University support - Note 9	760,114	-	-	760,114
Administrative costs allocated:				
Salaries	14,570	162,426	153,959	330,955
Benefits	5,608	20,252	31,195	57,055
Payroll taxes	1,142	13,030	12,399	26,571
	<u>21,320</u>	<u>195,708</u>	<u>197,553</u>	<u>414,581</u>
Bad debts	-	140,000	-	140,000
Rent	-	34,392	-	34,392
Printing and reproduction	16,884	1,917	12,072	30,873
Contract service fees	-	21,511	9,225	30,736
Hospitality	1,274	4,829	21,612	27,715
Legal	-	18,857	-	18,857
Postage and delivery	1,943	2,122	8,338	12,403
Religious stipend	-	26,700	-	26,700
Travel	176	9,683	2,241	12,100
Meeting registrations	-	7,650	-	7,650
Insurance	-	7,372	-	7,372
Communications	565	6,911	(518)	6,958
Office supplies	499	3,663	388	4,550
Credit card fees	-	3,905	35	3,940
Other business expenses	-	-	1,989	1,989
Equipment rental	-	1,922	-	1,922
Licenses	-	1,240	-	1,240
Advertising	-	425	344	769
Professional development	-	525	-	525
Depreciation	-	131	-	131
<b>Total</b>	<u><u>\$ 3,359,704</u></u>	<u><u>\$ 489,463</u></u>	<u><u>\$ 253,279</u></u>	<u><u>\$ 4,102,446</u></u>

See accompanying Notes to the Financial Statements.



**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the years ended August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 5,157,214	\$ 1,259,967
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,173	131
Bad debt expense	-	140,000
Net unrealized and realized gains on investments	(5,486,801)	(2,254,021)
Change in operating assets and liabilities:		
Pledges receivable	649,039	74,587
Prepaid expenses and other current assets	3,608	(6,280)
Accounts payable and accrued expenses	(1,340)	10,242
Deferred rent	<u>(648)</u>	<u>374</u>
Net cash provided by (used in) operating activities	322,245	(775,000)
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchases of investments and reinvested earnings	(1,193,512)	(2,380,091)
Proceeds from sales of investments	717,462	3,118,868
Purchases of property and equipment	<u>(2,417)</u>	<u>(5,580)</u>
Net cash provided by (used in) investing activities	<u>(478,467)</u>	<u>733,197</u>
<b>Net decrease in cash and cash equivalents</b>	(156,222)	(41,803)
<b>Cash and cash equivalents, beginning of year</b>	<u>400,513</u>	<u>442,316</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 244,291</u>	<u>\$ 400,513</u>

See accompanying Notes to the Financial Statements.

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

**NOTE 1**      **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The Bethlehem University Foundation, Inc. (the Foundation) was formed in 1998 as a New Jersey nonprofit corporation and operates solely for the support and promotion of Bethlehem University in Palestine. The Foundation is a separate entity from Bethlehem University (the University).

The Foundation was formed, according to the legal articles of incorporation, for the following purposes:

- To support and assist Bethlehem University in the Holy Land in its educational mission by providing supplemental funding and other assistance for all of its programs and services;
- To encourage renewed commitment to the University as a center of quality education and as the most effective educational instrument available to teach, to build community, and to provide service for the needs of the community and to seek and obtain funds or property in any form to be used for the benefit of the University;
- To provide a depository for gifts and bequests of all kinds and also to serve as a receptacle for receiving and managing these gifts that specify a certain purpose or program of the University as its beneficiary according to the established desire of the donor;
- To act as a trustee under any trust incidental to the purposes of the Corporation and to receive, hold, administer, and expend funds and property subject to such trust.

**Accounting Method**

The accompanying financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash and Cash Equivalents**

For purposes of financial statement presentation, the Foundation considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents. Cash and money market funds held by investment managers are included in investments.

**Investments**

The Foundation reports investments at fair value using quoted market prices when available. Interest and dividends are reported when earned. Net realized and unrealized gains and losses on investments include the gains and losses on investments bought and sold as well as held during the year.

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**August 31, 2021 and 2020**

**NOTE 1      ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fair Value Measurements

The Foundation complies with the Statement of Financial Accounting Standards Codification Topic Fair Value Measurements. This defines fair value and establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The Foundation invests in common stock, mutual funds and exchange-traded funds which are stated at fair value based on quoted market prices at the date of the financial statements. Money market funds held as short term investments are carried at cost, which approximates fair value. Such investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Pledges 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 beyond one year 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 to be received. Accretion of the discounts is included in contributions support. Conditional promises to give are not included as support until the conditions are met.

Computer Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives of five years. The Foundation capitalizes all property and equipment purchased with a cost of \$1,000 or more.

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 1**      **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

*Net Assets With Donor Restrictions* are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose.

Contributions

Unconditional contributions and university-designated support received, including unconditional promises to give, are recorded as revenue in the year notification is received from the donor. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants with donor-imposed restrictions are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction or the time restriction has passed.

Contributions received related to special events that were postponed or cancelled due to COVID-19 are grouped with special events income on the statements of activities.

In-Kind Contributions

Contributions in-kind are recorded as contributions at their estimated fair value at the time goods or services are provided and include a portion of the Executive Assistant's stipend. Volunteer services are not recognized as they do not meet the definition of in-kind contributions under accounting principles generally accepted in the United States of America.

Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited.

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**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 1**      **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Use of Accounting 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.

Income Tax Status

As a result of being operated in connection with the Roman Catholic Church in the United States, the Foundation is entitled to exemption from federal income tax under the provisions of section 501(c)(3), classified as an organization that is not a private foundation, and, therefore, is not required to file an annual federal income tax return. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended August 31, 2021 and 2020, the Foundation did not partake in any unrelated business activities.

**NOTE 2**      **RISKS AND UNCERTAINTIES**

Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash deposits with commercial banks. The Foundation's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk.

Global Pandemic

U.S. and global business and financial markets continue to be severely impacted by the COVID-19 pandemic. The potential long-term impact on the Foundation's investments, revenue, expenses, and cash flows cannot be determined at this time.

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**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**August 31, 2021 and 2020**

**NOTE 3      INVESTMENTS**

As of August 31, 2021 and 2020, the Foundation's investments at fair value consist of following:

	<u>2021</u>	<u>2020</u>
Money market	\$ 374,238	\$ 123,025
Fixed income - corporate securities	8,932,049	7,197,481
Equity - exchange-traded trust and mutual funds	<u>23,860,763</u>	<u>19,883,693</u>
Total	<u>\$ 33,167,050</u>	<u>\$ 27,204,199</u>

For the years ended August 31, 2021 and 2020, net investment income consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 1,194,472	\$ 1,152,486
Realized and unrealized gains on investments, net	<u>5,486,801</u>	<u>2,254,021</u>
Subtotal	6,681,273	3,406,507
Less, investment fees	<u>106,522</u>	<u>99,967</u>
Total net investment income	<u>\$ 6,574,751</u>	<u>\$ 3,306,540</u>

**NOTE 4      FAIR VALUE OF INVESTMENTS**

The Foundation values its investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as described in Note 1. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

There have been no changes in the methodologies used during the years ended August 31, 2021 and 2020. The following is a description of the valuation methodology used for investments measured at fair value and their classification in the valuation hierarchy:

*Fixed income* - Corporate securities comprised of bonds listed on the national markets or exchanges which are valued at last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

*Equity funds* - Comprised of exchange-traded trust and mutual funds where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 4**      **FAIR VALUE OF INVESTMENTS** (Continued)

The following tables set forth by level within the fair value hierarchy the Foundation's investment assets at fair value. Investments are stated at fair value and consist of the following at August 31, 2021 and 2020:

	<b>2021</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market	\$ 374,238	\$ -	\$ -	\$ 374,238
Fixed income funds	8,932,049	-	-	8,932,049
Equity funds	<u>23,860,763</u>	-	-	<u>23,860,763</u>
Totals	<u>\$33,167,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,167,050</u>

	<b>2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market	\$ 123,025	\$ -	\$ -	\$ 123,025
Fixed income funds	7,197,481	-	-	7,197,481
Equity funds	<u>19,883,693</u>	-	-	<u>19,883,693</u>
Totals	<u>\$27,204,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,204,199</u>

**NOTE 5**      **PLEDGES RECEIVABLE**

As of August 31, 2021 and 2020, pledges receivable consists of unconditional promises to give as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 61,750	\$ 490,124
One to five years	<u>409,806</u>	<u>646,163</u>
Total pledges	471,556	1,136,287
Less:		
Discount, 4.25%	(18,850)	(34,542)
Allowance for doubtful accounts	<u>(70,000)</u>	<u>(70,000)</u>
Pledges receivable, net	<u>\$ 382,706</u>	<u>\$ 1,031,745</u>

In light of uncertainties arising as a result of the ongoing COVID-19 pandemic, an allowance for doubtful accounts is recorded at both August 31, 2021 and 2020 as a general reserve for all outstanding pledges receivable.

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**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**August 31, 2021 and 2020**

**NOTE 6      COMMITMENTS AND CONTINGENCIES**

The Foundation has an operating lease for office space in Beltsville, Maryland. The lease commenced on June 1, 2015 and expires May 31, 2025. The lease provides for an annual base rent of \$30,000 plus annual increases of 3% each anniversary date. For the years ended August 31, 2021 and 2020, rent expense totaled \$34,392 and \$34,392, respectively.

The following is a schedule of future minimum lease commitments as of August 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 36,090
2023	37,173
2024	38,288
2025	<u>29,357</u>
	<u>\$ 140,908</u>

**NOTE 7      NET ASSETS WITH DONOR RESTRICTIONS**

The Foundation has received certain donations designated by the donor for specific uses. If these restrictions were met during the year that the contribution was made, the contribution was classified as without donor restrictions. Net assets released from restrictions by satisfying time or purpose restrictions for the years ended August 31, 2021 and 2020 totaled \$2,409,419 and \$3,934,823, respectively.

Net assets with donor restrictions consists of the following as of August 31:

	<u>2021</u>	<u>2020</u>
Net assets with donor restrictions:		
Subject to purpose:		
Accumulated earnings on endowment funds	\$ 17,062,710	\$ 11,543,915
Subject to passage of time:		
Pledges receivable: Large donor	5,641	549,547
Pledges receivable: Other	<u>377,065</u>	<u>482,198</u>
Total subject to passage of time	<u>382,706</u>	<u>1,031,745</u>
Total subject to purpose or passage of time	17,445,416	12,575,660
Subject to restriction in perpetuity:		
Endowment funds	<u>15,732,407</u>	<u>15,433,387</u>
Total net assets with donor restrictions	<u>\$ 33,177,823</u>	<u>\$ 28,009,047</u>

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**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 8**      **ENDOWMENT FUNDS**

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment fund absent explicit Foundation donor stipulations to the contrary.

In accordance with UPMIFA, 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, including general operating expenses, 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

As a result of this interpretation, the Foundation classifies the original value of the endowment gifts that have long-term time restrictions as a net asset with donor restriction. The Foundation's investment policy objective is to protect the principal, earn a return, and provide growth. The earnings on the endowment are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation. For the years ended August 31, 2021 and 2020, earnings of \$1,054,996 and \$3,138,799 were released for operations. As of August 31, 2021 and 2020, the Foundation had net assets with donor restrictions subject to perpetuity of \$15,732,407 and \$15,433,387, respectively.

Endowment net asset composition by type of fund as of August 31, 2021 and 2020 is as follows:

	<b>2021</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor principal	\$ -	\$ 15,732,407	\$ 15,732,407
Accumulated income	-	17,062,710	17,062,710
Total funds	<u>\$ -</u>	<u>\$ 32,795,117</u>	<u>\$ 32,795,117</u>
	<b>2020</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor principal	\$ -	\$ 15,433,387	\$ 15,433,387
Accumulated income	-	11,543,915	11,543,915
Total funds	<u>\$ -</u>	<u>\$ 26,977,302</u>	<u>\$ 26,977,302</u>

**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 8**      **ENDOWMENT FUNDS** (Continued)

Changes in the endowment net assets for the years ended August 31, 2021 and 2020 are as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets,			
August 31, 2019	\$ -	\$ 25,744,715	\$ 25,744,715
Contributions	-	1,065,775	1,065,775
Interest and dividends	-	1,151,557	1,151,557
Net appreciation	-	2,254,021	2,254,021
Investment fees	-	(99,967)	(99,967)
Appropriated for expenditures	-	<u>(3,138,799)</u>	<u>(3,138,799)</u>
Endowment net assets,			
August 31, 2020	-	26,977,302	26,977,302
Contributions	-	299,020	299,020
Interest and dividends	-	1,193,512	1,193,512
Net appreciation	-	5,486,801	5,486,801
Investment fees	-	(106,522)	(106,522)
Appropriated for expenditures	-	<u>(1,054,996)</u>	<u>(1,054,996)</u>
Endowment net assets,			
August 31, 2021	<u>\$ -</u>	<u>\$ 32,795,117</u>	<u>\$ 32,795,117</u>

**NOTE 9**      **RELATED PARTY TRANSACTIONS**

The Foundation, through its Articles of Incorporation and Corporate Bylaws, recognizes its sole purpose to support and promote Bethlehem University. The Articles state that the Foundation will provide supplemental funding or assistance, encourage renewed commitment from previous contributors, provide and manage a repository of gifts and bequests, and to act as trustee under any trust incidental to the purposes of the Foundation to receive, hold, administer and expend funds and property subject to that trust. The Foundation remits to the University the following: all gifts and donations received wherein the University is the designated recipient and disburse grants to the University on endowed accounts annually in accordance with the Foundation's disbursement policies. For the years ended August 31, 2021 and 2020, the Foundation provided \$848,778 and \$760,114 in support, respectively. For the years ended August 31, 2021 and 2020, the Foundation granted \$1,166,854 and \$2,556,929, respectively, to the University from the endowment funds in accordance with the distribution policies of each individual endowment.

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**THE BETHLEHEM UNIVERSITY FOUNDATION, INC.**  
**Notes to the Financial Statements** (Continued)  
**August 31, 2021 and 2020**

**NOTE 10**     **LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Foundation's financial assets as of August 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, funds that are purpose or time restricted beyond one year, endowments and accumulated earnings net of appropriations within one year.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 244,291	\$ 400,513
Pledges receivable	382,706	1,031,745
Investments	<u>33,167,050</u>	<u>27,204,199</u>
Financial assets, at year-end:	33,794,047	28,636,457
Less those unavailable for general expenditure within one year, due to:		
Noncurrent portion of pledges receivable	(390,956)	(611,621)
Donor restricted endowments in perpetuity	<u>(15,732,407)</u>	<u>(15,433,387)</u>
 Financial assets available to meet cash needs for total expenses within one year	 <u>\$ 17,670,684</u>	 <u>\$ 12,591,449</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 11**     **SUBSEQUENT EVENTS**

As of November 18, 2021 the date the financial statements were available to be issued, the Foundation performed an evaluation and determined that there are no subsequent events requiring an adjustment to or disclosure in the accompanying financial statements.