

The Century Foundation, Inc.

Financial Statements

June 30, 2019 and 2018

Independent Auditors' Report

Board of Trustees The Century Foundation, Inc.

We have audited the accompanying financial statements of The Century Foundation, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Century Foundation, 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 conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, The Century Foundation, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

October 7, 2019

The Century Foundation, Inc.

Statements of Financial Position

	June 30	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 43,453	\$ 53,416
Restricted cash	389,878	389,567
Prepaid expenses	69,946	67,724
Other receivable	1,599,211	48,573
Investment income receivable	2,935	3,116
Grants receivable	387,400	934,654
Investments	53,961,432	57,127,883
Property, equipment and leasehold improvements, net	278,762	279,854
Total Assets	\$ 56,733,017	\$ 58,904,787
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 277,737	\$ 58,424
Deferred revenue	30,000	-
Deferred rent	346,169	369,520
Total Liabilities	653,906	427,944
Net Assets		
Without Donor Restrictions		
Net investment in property and equipment	278,762	279,854
Available for investment and future projects	54,219,376	56,526,093
Total Net Assets Without Donor Restrictions	54,498,138	56,805,947
With donor restrictions	1,580,973	1,670,896
Total Net Assets	56,079,111	58,476,843
Total Liabilities and Net Assets	\$ 56,733,017	\$ 58,904,787

See notes to financial statements

The Century Foundation, Inc.

Statements of Activities

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants, contributions and other	\$ 54,211	\$ 2,757,191	\$ 2,811,402	\$ 127,860	\$ 2,280,996	\$ 2,408,856
Investment Return						
Interest, dividends and partnership revenue	1,772,514	-	1,772,514	1,452,843	-	1,452,843
Net realized gain on sale of investments	535,346	-	535,346	369,434	-	369,434
Change in unrealized (depreciation) appreciation	(50,980)	-	(50,980)	3,048,356	-	3,048,356
Investment expense	(302,596)	-	(302,596)	(262,205)	-	(262,205)
Investment Return	1,954,284	-	1,954,284	4,608,428	-	4,608,428
Royalties and publication sales	9,427	-	9,427	18,056	-	18,056
Net assets released from restrictions	2,847,114	(2,847,114)	-	1,916,712	(1,916,712)	-
Total Support and Revenue	4,865,036	(89,923)	4,775,113	6,671,056	364,284	7,035,340
EXPENSES						
Program						
Education policy	3,108,202	-	3,108,202	2,305,420	-	2,305,420
Economy and jobs policy	886,368	-	886,368	858,589	-	858,589
Healthcare policy	422,056	-	422,056	504,038	-	504,038
Rights and justice policy	248,687	-	248,687	374,833	-	374,833
World policy	737,715	-	737,715	896,907	-	896,907
Communication and editorial	577,942	-	577,942	260,371	-	260,371
Development	281,396	-	281,396	300,930	-	300,930
Support	153,911	-	153,911	-	-	-
Total Program	6,416,277	-	6,416,277	5,501,088	-	5,501,088
Administration	756,568	-	756,568	705,833	-	705,833
Total Expenses	7,172,845	-	7,172,845	6,206,921	-	6,206,921
Change in Net Assets	(2,307,809)	(89,923)	(2,397,732)	464,135	364,284	828,419
NET ASSETS						
Beginning of year	56,805,947	1,670,896	58,476,843	56,341,812	1,306,612	57,648,424
End of year	\$ 54,498,138	\$ 1,580,973	\$ 56,079,111	\$ 56,805,947	\$ 1,670,896	\$ 58,476,843

See notes to financial statements

The Century Foundation, Inc.

Statements of Cash Flows

	Year Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,397,732)	\$ 828,419
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gain on sale of investments	(535,346)	(369,434)
Change in unrealized depreciation (appreciation)	50,980	(3,048,356)
Depreciation and amortization	38,549	38,843
Deferred rent	(23,351)	17,384
Net change in operating assets and liabilities		
Prepaid expenses	(2,222)	(2,160)
Other receivable	(1,550,638)	(34,633)
Investment income receivable	181	302,809
Grants receivable	547,254	(139,814)
Accounts payable	219,313	(52,673)
Deferred revenue	30,000	-
Net Cash from Operating Activities	(3,623,012)	(2,459,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(37,457)	-
Proceeds from sale of investments	16,458,781	14,533,924
Purchase of investments	(11,140,420)	(14,267,709)
Net change in investment cash and cash equivalents	(1,667,544)	2,137,161
Net Cash from Investing Activities	3,613,360	2,403,376
Net Change in Cash and Cash Equivalents	(9,652)	(56,239)
CASH AND CASH EQUIVALENTS		
Beginning of year	442,983	499,222
End of year	\$ 433,331	\$ 442,983

See notes to financial statements

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

1. Organization and Tax Status

The Century Foundation, Inc. (the "Foundation") is a non-partisan progressive think tank, founded in 1919 and initially funded by Edward Filene, a man best known for his store's Basement which was established as a way to make goods affordable to working people. At the time of Mr. Filene's death in 1937, he was a close associate of President Franklin Roosevelt, one of the leading liberal businessmen in the country. Along the way, he was a champion of fair workplace and employee ownership strategies, all with an eye to ensuring that economic opportunity is available to all.

Until the end of the last century, the Foundation was known as the Twentieth Century Fund. Trustees over the years have included Theodore Sorensen, Arthur Schlesinger, Jr., John Kenneth Galbraith, Justice Robert Jackson and J. Robert Oppenheimer.

The Foundation has been determined by the Internal Revenue Service (the "IRS") to be a charitable and educational organization as defined in the Internal Revenue Code (the "Code") Sections 501(c)3. During fiscal year ended June 30, 2018, the Foundation notified the IRS of its intent to terminate its private foundation status under Section 507(b)(1)(B) of the Code effective July 1, 2017. The IRS has held that the Foundation will be treated as a public charity under Section 501(a) and 170(b)(1)(A)(vi) of the Code. Grantors and donors may rely on the public charity status during the ruling period and are entitled to the maximum charitable contribution deduction under the Code. Additionally, under Code Section 4940(d)(2), the Foundation is exempt from paying excise tax.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

On July 1, 2018, the Foundation adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Foundation to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Foundation to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies *(continued)*

Presentation of Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are not externally restricted for identified purposes. Net assets with donor restrictions represent amounts that are restricted by donors that are to be held until the donor or time restriction has been satisfied.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

Restricted Cash

In connection with the Foundation's lease agreement, the Foundation maintains a letter of credit as collateral in a separate bank account.

Fair Value Measurements

The Foundation follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Foundation follows US GAAP guidance which removed the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Investments Valuation

Investments are carried at fair value.

Allowances for Accounts Doubtful for Collection

The Foundation determines whether an allowance for uncollectible balances should be provided for receivables. Such estimates are based on management's assessment of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, grants and other receivables. The Foundation invests its cash and cash equivalents with a quality financial institution. Throughout the year, balances in this account exceeded the Federal insured limits. The Foundation has a diversified portfolio of investments across multiple asset classes, and routinely assesses the diversification and financial strength of its cash and investment portfolio to limit concentration of credit risk. The Foundation believes no significant concentration of credit risk exist with respect to its grants and other receivables due to the historical collection rate.

Property, Equipment and Leasehold Improvements

Property and equipment are recorded at cost and depreciated using the straight-line method over periods ranging from three to seven years. Leasehold improvements are recorded at cost and amortized over the term of the lease.

Deferred Revenue

Deferred revenue represents amounts received but not yet earned.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is included in deferred rent on the statements of financial position. In addition, deferred rent also includes a period of free rent provided by the lease and is being amortized over the life of the lease.

Contributions

Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit the use of the contribution or that have time restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

The Foundation recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation.

The Foundation received pro-bono legal services valued at \$4,959 and \$9,494 in 2019 and 2018. Such services have been reflected as both in-kind contribution support and as an expense within program expenses.

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Investment Income Recognition and Investment Expenses

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investment expenses included in the statements of activities consists of fees paid directly to the Foundation's investment advisors and managers, partnership expenses and foreign taxes withheld.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited. Refer to Note 8 for the classification of expenses by their functional allocation and policy for allocating such expenses.

Research Projects

The cost of research projects is recognized as incurred. Funds received on behalf of specific projects or programs are classified as net assets with donor restrictions.

Significant Concentrations

For the years ended June 30, 2019 and 2018, approximately 29% and 27% of the Foundation's workforce was covered by a collective bargaining agreement which expires on June 30, 2021.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2016.

Reclassifications

Certain 2018 amounts have been reclassified to conform to the current year presentation.

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is October 7, 2019.

3. Investments

The following are major categories of investments measured at fair value on a recurring basis at June 30, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2019		Total
	Level 1	Other Investments Measured at Net Asset Value (*)	
Mutual Funds			
Fixed income	\$ 11,233,314	\$ -	\$ 11,233,314
Equities	26,982,442	-	26,982,442
Hedge funds	-	8,239,331	8,239,331
Private equity	-	2,866,653	2,866,653
Limited partnerships	-	2,833,324	2,833,324
Total at Fair Value	<u>\$ 38,215,756</u>	<u>\$ 13,939,308</u>	52,155,064
Invested cash and cash equivalents, at cost			1,806,368
Total Investments			<u>\$ 53,961,432</u>
	2018		
	Level 1	Other Investments Measured at Net Asset Value (*)	Total
Mutual Funds			
Fixed income	\$ 12,330,591	\$ -	\$ 12,330,591
Equities	31,963,666	-	31,963,666
Hedge funds	-	8,222,284	8,222,284
Private equity	-	1,798,464	1,798,464
Limited partnerships	-	2,674,054	2,674,054
Total at Fair Value	<u>\$ 44,294,257</u>	<u>\$ 12,694,802</u>	56,989,059
Invested cash and cash equivalents, at cost			138,824
Total Investments			<u>\$ 57,127,883</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

The Century Foundation, Inc.

Notes to Financial Statements June 30, 2019 and 2018

3. Investments (continued)

Information regarding alternative investments valued at NAV using the practical expedient at June 30, 2019 is as follows:

Type/fund	Strategy	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Investment in distressed securities- Independent return long/short equities	\$ 2,324,486	\$ -	Annual redemption after the fourth full fiscal quarter following the purchase of the shares	Annually, or quarterly redemptions may be made on the anniversary of the Lock-Up Period. (March of each year), subject to a redemption charge equal to 5% on the NAV of the shares redeemed
Hedge funds	Seeks capital appreciation and current income by investing in a diversified portfolio of structured credit products in the United States and European credit markets	2,579,133	-	Quarterly with 60 days notice	Subject to a 1 Year lock-up period
Hedge funds	Both hedged and directional investment strategies, primarily in leveraged issuer, distressed debt and equity markets in North America and Europe, Australia and New Zealand	874,110	-	65 days - in liquidation	Subject to a 2 Year lock-up period, Members may redeem after a 1 year lock-up subject to fees
Hedge funds	Invest in quantitative and fundamental equity	2,461,602	-	Quarterly with 50 days notice	Subject to a 1 Year lock-up period, all redemptions are subject to a 10% holdback
Private equity	Acquires interest in U.S. growth capital, small and middle market buyout investments, primarily through secondary market purchases in established funds that are less than 50% invested	228,597	1,957,484	Illiquid	Illiquid
Private equity	Invest in hard asset lending strategy	1,925,000	-	Illiquid	Illiquid
Private equity	Large-scale investments in the technology, technology enabled and related growth industries	713,056	987,717	Illiquid	Illiquid
Limited partnership	Concentrated portfolio of listed equity securities of European companies	2,833,324	-	Members may redeem all or a portion of their interests on any day in which the New York Stock Exchange is open for business	A member may not make a partial redemption when that redemption would leave the member's capital with account less than \$100,000. The request would be treated as redemption of the entire capital account
		<u>\$ 13,939,308</u>	<u>\$ 2,945,201</u>		

The Century Foundation, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

4. Property, Equipment and Leasehold Improvements

As of June 30, property, equipment and leasehold improvements at the Foundation consisted of the following:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 417,495	\$ 417,495	15 years
Equipment	<u>357,906</u>	<u>326,944</u>	3 to 7 years
	775,401	744,439	
Less accumulated depreciation and amortization	<u>(496,639)</u>	<u>(464,585)</u>	
	<u>\$ 278,762</u>	<u>\$ 279,854</u>	

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 were \$38,549 and \$38,843. During fiscal year 2019, the Foundation wrote off \$6,495 of fully depreciated assets.

The Century Foundation, Inc.

Notes to Financial Statements June 30, 2019 and 2018

5. Net Assets With Donor Restrictions

The following is a summary of the activity of the net assets with time or purpose restrictions for the years ended June 30, 2019 and 2018:

Program/Purpose	Balance June 30, 2018	Contributions and Grants	Net Assets Released from Restrictions	Balance June 30, 2019
R. White Foundation - Research for the "Invisible Americans" book	\$ -	\$ 10,000	\$ 10,000	\$ -
Kresge Foundation - National Student Defense Network	135,000	130,000	129,700	135,300
Bernard L. Schwartz - Conferences - Pittsburgh, Cleveland and Chicago	39,195	98,000	87,195	50,000
Bernard L. Schwartz -Revitalizing Government Initiative	25,875	250,000	275,875	-
Mary Graham - Supporting Secrecy	-	50,000	50,000	-
The Walton Family Foundation - Supporting English Learners and School Choice	-	125,000	125,000	-
R.W. Johnson Foundation - Making UI Technology System Work for People	-	70,000	47,118	22,882
Action Now Initiative (ANI) - Curbing Predatory Student Lending Practices	-	606,840	241,152	365,688
William T. Grant Foundation - Community College Engines for Social Mobility	157,652	-	157,652	-
National Domestic Workers Alliance - Women's Economic Agenda	-	51,335	42,754	8,581
R.S. Clark Foundation - Next 100 - Training	-	55,000	-	55,000
Lumina Foundation - State Financial Aid Policy	-	841,400	244,342	597,058
The Carnegie Corporation of NY - Consequence of Conflict in the Arab Region	365,262	-	118,703	246,559
The Walton Family Foundation - Supporting Growth of Charter Schools	248,305	-	248,305	-
Henry Luce Foundation - Initiative on Religion in International Affairs	195,712	-	140,236	55,476
Laura and John Arnold Foundation - Curbing Predatory Student Lending Practices	352,545	424,616	777,161	-
The Guggenheim Foundation - Insurgent Fragmentation & State Attachment in Syrian Civil War	27,375	45,000	27,946	44,429
The Commonwealth Fund - Getting Ready for Health Reform 2020	123,975	-	123,975	-
Total	<u>\$ 1,670,896</u>	<u>\$ 2,757,191</u>	<u>\$ 2,847,114</u>	<u>\$ 1,580,973</u>

The Century Foundation, Inc.

Notes to Financial Statements June 30, 2019 and 2018

5. Net Assets With Donor Restrictions *(continued)*

Program/Purpose	Balance June 30, 2017	Contributions and Grants	Net Assets Released from Restrictions	Balance June 30, 2018
The Joyce Foundation - High Wage America - Chicago Conference	\$ -	\$ 50,000	\$ 50,000	\$ -
Kresge Foundation - National Student Defense Network	-	260,000	125,000	135,000
Bernard L. Schwartz - Conferences - Pittsburgh, Cleveland and Chicago	-	100,000	60,805	39,195
Bernard L. Schwartz - Revitalizing Government Initiative	12,999	250,000	237,124	25,875
Heinrich Boell Foundation - Secularism Alternatives to Religion Project	-	16,083	16,083	-
Carnegie Corp of NY - Arab Security and Pluralism	230,153	-	230,153	-
Carnegie Corp of NY - Consequence of Conflict in The Arab Region	-	400,000	34,738	365,262
William T. Grant Foundation - Community College Engines for Social Mobility	254,544	-	96,892	157,652
National Domestic Workers Alliance - Portable Retirement Benefits	5,000	-	5,000	-
Open Society Foundations - Privacy and Surveillance	17,940	-	17,940	-
The Walton Family Foundation - Supporting Growth of Charter Schools	485,976	-	237,671	248,305
Henry Luce Foundation - Initiative on Religion in International Affairs	300,000	-	104,288	195,712
Laura and John Arnold Foundation - Curbing Predatory Student Lending Practices	-	1,024,913	672,368	352,545
The Guggeinheim Foundation - Insurgent Fragmentation & State Attachment in Syrian Civil War	-	45,000	17,625	27,375
The Commonwealth Fund - Getting Ready for Health Reform 2020	-	135,000	11,025	123,975
Total	<u>\$ 1,306,612</u>	<u>\$ 2,280,996</u>	<u>\$ 1,916,712</u>	<u>\$ 1,670,896</u>

The Century Foundation, Inc.

Notes to Financial Statements
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6. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets and resources without donor restrictions available as of June 30, 2019, to meet cash needs for general expenditures within one year of the date of the Statement of Financial Position:

Financial assets:	
Cash and cash equivalents	\$ 433,331
Investment income receivable and other receivable	1,602,146
Grants receivable	387,400
Investments	<u>53,961,432</u>
Total Financial Assets	<u>56,384,309</u>
Less contractual or donor imposed restricted amount:	
Restricted cash	(389,878)
Illiquid investments	(2,866,653)
Donor-imposed restrictions	<u>(1,580,973)</u>
	<u>(4,837,504)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 51,546,805</u>

7. Retirement Plans

Retirement benefits for substantially all employees are provided through defined contributions by the Foundation and employees to individual annuity contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund. The Foundation matches employee contributions up to 5%. Employees are eligible for participation in the plan upon the completion of six months of service. The cost of the plan for the years ended June 30, 2019 and 2018 was \$113,608 and \$118,914. Additionally, employees have the option to contribute before-tax amounts to a separate annuity plan subject to limits determined by IRC guidelines. The Foundation does not contribute to this separate annuity plan.

The Century Foundation, Inc.

Notes to Financial Statements
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8. Functional Expenses

Expenses are presented by functional classification in alignment with the overall mission of the Foundation. The allocation percentages are determined based upon a time analysis for all employees and functional classification of program (grant) expenses. The following table presents expenses by both their natural and functional classification for the year ended June 30, 2019. Total expenses for 2018 are presented for comparative purposes only.

	2019			2018
	Program	Administration	Total	Total
Payroll and related	\$ 3,839,100	\$ 517,544	\$ 4,356,644	\$ 3,861,477
Professional fees	335,522	14,310	349,832	71,950
Depreciation and amortization	-	38,549	38,549	38,843
Occupancy	329,677	93,500	423,177	499,010
Travel	30,883	44,367	75,250	76,436
Direct project expenses	1,464,818	-	1,464,818	1,290,092
Printing and publications	33,927	-	33,927	31,730
Other	382,350	48,298	430,648	337,383
Total Expenses	<u>\$ 6,416,277</u>	<u>\$ 756,568</u>	<u>\$ 7,172,845</u>	<u>\$ 6,206,921</u>

9. Commitments

During 2012, the Foundation entered into a lease for office space in New York City expiring July 2028. The lease contains a ten month rent concession, which is being amortized using the straight-line method over the term of the lease. The lease contains a provision for security whereby the Foundation executed an irrevocable standby letter of credit ("LOC") for \$386,460. The LOC is collateralized by a separate bank account.

During fiscal year 2017, the Foundation entered into a lease agreement to rent office space in Washington, DC, which expires April 2022. The lease calls for an \$8,239 security deposit and contains a three month rent concession, which is being amortized using the straight-line method over the term of the lease.

During fiscal year 2018, the Foundation entered into an agreement to rent office space in Berkeley, California. The rental agreement is on a month-to-month basis.

In fiscal year 2019, the Foundation entered into an agreement to rent additional office space in New York City, expiring May 2020.

The Century Foundation, Inc.

Notes to Financial Statements
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9. Commitments (continued)

Minimum lease payments by fiscal year are as follows:

	<u>New York City</u>	<u>Washington, DC</u>	<u>Total</u>
2020	\$ 440,223	\$ 105,407	\$ 545,630
2021	386,460	108,569	495,029
2022	386,460	92,725	479,185
2023	386,460	-	386,460
2024	406,141	-	406,141
Thereafter	1,665,714	-	1,665,714
	<u>\$ 3,671,458</u>	<u>\$ 306,701</u>	<u>\$ 3,978,159</u>

Rent expense for the years ended June 30, 2019 and 2018 amounted to \$374,825 and \$441,554.

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