

**MEDGAR EVERS COLLEGE
EDUCATIONAL FOUNDATION, INC.**

Financial Statements
with Independent Auditor's Report

June 30, 2024

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Medgar Evers College Educational Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Medgar Evers College Educational Foundation, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medgar Evers College Educational Foundation, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Medgar Evers College Educational Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Medgar Evers College Educational Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Medgar Evers College Educational Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medgar Evers College Educational Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Galleras Robinson CPAs, LLP

New York, New York
September 6, 2024

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,954,047
Investment in CUNY investment pool, short-term	328,931
Prepaid expenses	<u>1,063</u>
Total current assets	2,284,041
 Noncurrent assets	
Investments in CUNY investment pool, long-term	<u>653,771</u>
 Total Assets	<u>\$ 2,937,812</u>

LIABILITIES AND NET ASSETS

Liabilities	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 201,971</u>
 Net Assets	
Without donor restrictions	71,920
With donor restrictions	<u>2,663,921</u>
Total net assets	<u>2,735,841</u>
 Total Liabilities and Net Assets	<u>\$ 2,937,812</u>

See notes to financial statements.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 13,295	\$ 636,392	\$ 649,687
Contributed nonfinancial assets	297,780	-	297,780
Investment income	-	60,884	60,884
Net assets released from restrictions	386,124	(386,124)	-
Total Revenues and Support	<u>697,199</u>	<u>311,152</u>	<u>1,008,351</u>
EXPENSES			
Program services			
Grants and scholarships	173,437	-	173,437
Support for Medgar Evers College	262,334	-	262,334
Total Program Services	435,771	-	435,771
Management and general	314,892	-	314,892
Total Expenses	<u>750,663</u>	<u>-</u>	<u>750,663</u>
TRANSFERS	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
CHANGES IN NET ASSETS	<u>(73,464)</u>	<u>331,152</u>	<u>257,688</u>
NET ASSETS, BEGINNING OF YEAR	1,513	2,476,640	2,478,153
PRIOR PERIOD ADJUSTMENT	<u>143,871</u>	<u>(143,871)</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>145,384</u>	<u>2,332,769</u>	<u>2,478,153</u>
NET ASSETS, END OF YEAR	<u>\$ 71,920</u>	<u>\$ 2,663,921</u>	<u>\$ 2,735,841</u>

See notes to financial statements.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	<u>Grants and Scholarships</u>	<u>Support for Medgar Evers College</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Scholarships	\$ 173,437	\$ -	\$ 173,437	\$ -	\$ 173,437
Contributed nonfinancial assets	-	-	-	297,780	297,780
Food	-	49,112	49,112	-	49,112
Grants to RFCUNY	-	88,470	88,470	-	88,470
Professional and consulting fees	-	18,310	18,310	17,112	35,422
Office expenses	-	6,734	6,734	-	6,734
Stipends	-	33,467	33,467	-	33,467
Other expenses	-	66,241	66,241	-	66,241
Total Expenses	<u>\$ 173,437</u>	<u>\$ 262,334</u>	<u>\$ 435,771</u>	<u>\$ 314,892</u>	<u>\$ 750,663</u>

See notes to financial statements.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$	257,688
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Unrealized gain on investments		(35,434)
Realized gain on investments		(12,454)
Increase in prepaid expenses		(1,063)
Increase in accounts payable and accrued expenses		162,287
Net cash from operating activities		<u>371,024</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments		<u>(252,995)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 118,029

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,836,018

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,954,047

See notes to financial statements.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. ORGANIZATION AND NATURE OF ACTIVITIES

The Medgar Evers College Educational Foundation, Inc.'s (the "Foundation") purpose is to support and advance the activities and missions of Medgar Evers College (the "College") of The City University of New York ("CUNY") in its academic, cultural, research and public service programs; and to promote and encourage interest and support for these programs serving the students, faculty, administrative staff, alumni and others in the College community. Although the Foundation is a separate and independent legal entity, it carries out operations integrally related to CUNY and, therefore, is discretely presented as a part of CUNY's financial reporting entity.

The Foundation was organized exclusively for charitable, educational and scientific purposes. It shall not facilitate any activities impermissible by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a publicly supported organization described in Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

Cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

Investments in CUNY Investment Pool

CUNY holds the Foundation's investments in an investment pool under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the "Committee"). Several investment advisory firms are engaged to assist the Committee in its investment pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds and foreign bonds. Realized and unrealized gains and losses are included in the statement of activities as changes in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurements

A framework has been established 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 can 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; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used on June 30, 2024. The investments held by the Foundation in the CUNY investment pool are classified as level 2 in the fair value hierarchy.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in which the gift is made. Promises to give are recorded at their estimated net realizable value discounted to present value.

All contributions are considered available unless specifically restricted by the donor or subject to other legal restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, when a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as net assets without donor restrictions.

Donated Services and Facilities

Contributions of donated noncash assets are recorded at fair values in the period received. Contributions of noncash services that enhance the nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period the services were rendered.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. All expenses related to providing these services have been allocated to program services, except for certain administrative expenses. Professional and consulting fees are allocated based on specific identification.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more-likely-than-not be sustained upon examination by taxing authorities. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2021. Currently, there are no audits in progress.

Income Tax Status

The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events

The Foundation has evaluated subsequent events through September 6, 2024, which is the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following reflects the Foundation's financial assets as of June 30, 2024, reduced by amounts not available for general use within one year of the statement of financial position date:

Cash and cash equivalents	\$ 1,954,047
Investments in CUNY investment pool	<u>982,702</u>
Total financial assets	2,936,749
Less: amounts not available to be used within one year	
Net assets with donor restriction	<u>2,663,921</u>
Financial assets available to meet general expenditures	
over the next twelve months	<u>\$ 272,828</u>

Most of the Foundation's contributions are donor restricted. Thus, its financial assets are mainly not available for general expenditures. However, the Foundation's general expenditures are mostly contributed nonfinancial assets from the College.

4. CONCENTRATION OF RISKS

Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that the Foundation's deposits may not be returned in the event of a bank failure. At June 30, 2024, \$1,210,448 of the Foundation's bank balance of \$1,954,047 was exposed to custodial credit risk as it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

Custodial credit risk related to investments is the risk that in the event of failure of the counterparty of a transaction, the Foundation will not be able to recover the value of its investment portfolio in the failed counterparty. At June 30, 2024, all of the Foundation's investment portfolio balance of \$982,702 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

5. INVESTMENTS AND INVESTMENT INCOME

CUNY holds the Foundation's investments in an investment pool, which is under the control of the Committee. Several investment advisory firms are engaged to assist the Committee in its investment pool portfolio management, which comprises of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds, and foreign investments bonds. Realized and unrealized gains and losses are included in the statement of activities as changes in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Investments in the CUNY investment pool as of June 30, 2024 amounted to \$982,702. The investments are classified as level 2 in the fair value hierarchy.

The following table summarizes the activity for the investments during the year ended June 30, 2024:

Balance at July 1, 2023	\$ 681,818
Purchase of investment	240,000
Unrealized gain	35,434
Realized gain	12,454
Interest and dividends	<u>12,996</u>
Balance at June 30, 2024	<u>\$ 982,702</u>

A summary of investment income for the year ended June 30, 2024 is as follows:

Interest and dividends	\$ 12,996
Realized gain	12,454
Unrealized gain	<u>35,434</u>
	<u>\$ 60,884</u>

6. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities included the following:

Services	\$ 260,295
Space	<u>37,485</u>
	<u>\$ 297,780</u>

Contributed services recognized are comprised of professional services related to the operations of the Foundation. Amounts represent an estimated percentage of time worked on Foundation related activity. Contributed space represents the Foundation's share of the building in which the Foundation operates. The square footage rate used in the calculation is based on similar office space in the surrounding area.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 are available for the following purposes:

Time or purpose restricted	
Community and departmental programs	\$ 426,729
Scholarship	1,583,193
Endowment	
Scholarships and awards	546,802
Programmatic support	<u>107,197</u>
	<u>\$ 2,663,921</u>

During the year ended June 30, 2024, net assets with donor restrictions were released from restrictions by incurring expenses or passage of time for the following donor-restricted purposes:

Scholarships and awards	\$ 196,421
Community and departmental programs	<u>189,703</u>
	<u>\$ 386,124</u>

8. ENDOWMENT FUNDS

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted New York Prudent Management of Institutional Funds (“NYPMIFA”) as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary and except in those cases where the law allows appropriation for the spending of the original gift amounts. As a result of this interpretation, the Board classifies as net assets with donor restrictions:

- (a) The initial value of the gifts donated to the permanent endowment;
- (b) The original cost of subsequent gifts to the permanent endowment; and
- (c) The accumulation of investment return to the permanent endowment made under the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not classified as net assets with donor restrictions - endowment is classified as net assets with donor restrictions - time or purpose until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

MEDGAR EVERS COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

8. ENDOWMENT FUNDS - CONTINUED

Return Objectives and Risk Parameters

The Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Endowment return objectives are to equal or exceed, on an inflation-adjusted basis, composite benchmark results of approximately 5% over the long-term with a conservative to moderate risk level. To achieve this objective, the Foundation follows the strategy of weighing the asset allocation to higher-yielding asset classes, including equities and alternative investments, with marginally higher risk characteristics. The total return objective includes funding both the current year spending rate amount and the amount required to be retained according to the Board's interpretation of the law.

Spending Rate Policy

The Board utilizes a spending rate of 5% of the fair value of the endowment funds at the beginning of the fiscal year to determine its annual drawdown from the endowment.

The following is a reconciliation of the activity in the endowment funds for the year ended June 30, 2024:

	Original Gift	Accumulated Earnings	Total
Endowment funds, July 1, 2023	\$ 254,193	\$ 120,825	\$ 375,018
Addition	220,000	-	220,000
Transfer	20,000	-	20,000
Interest and dividends	-	8,340	8,340
Realized gain	-	7,989	7,989
Unrealized gain	-	22,652	22,652
Endowment funds, June 30, 2024	<u>\$ 494,193</u>	<u>\$ 159,806</u>	<u>\$ 653,999</u>

There were no cumulative losses absorbed by the net assets without donor restrictions at June 30, 2024.

The Foundation transferred funds from net assets without donor restriction to the endowment, classified as net assets with donor restriction amounting to \$20,000 which pertains to the endowment match for the grant from Department of Education's Predominantly Black Institutions Program.

9. PRIOR PERIOD ADJUSTMENTS

The Management and the Board reviewed the details of the donor restricted net assets and identified \$143,871 of net assets classified in prior period as with donor restriction but was not restricted by donor.