

MEDGAR EVERS COLLEGE STUDENT
FACULTY ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Report Therein)

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Medgar Evers College Student
Faculty Association, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Medgar Evers College Student Faculty Association, Inc. (the Association), as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Association's financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the net position of Medgar Evers College Student Faculty Association, Inc. as of June 30, 2023 and 2022 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Association'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 the Association'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 29, 2023

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2023 and 2022

The Management Discussion and Analysis (MD&A) data intends to provide readers with a comprehensive overview of Medgar Evers College Student Faculty Association, Inc. (the Association) financial position as of June 30, 2023 and 2022, and the changes in its net position for the years then ended. The MD&A is designed to capture current activities, relevant changes, and other related data. Readers should read this document in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- Net position decreased by \$124,609 or 11%.
- Total revenue increased by \$109,909 or 15%.
- Total expenses increased by \$262,366 or 38%.

Financial Position

The Association's net position is determined by the difference between the assets and liabilities. This mechanism is also a useful tool to measure the financial health of the Association. A primary indicator of the Association's fiscal health is evident in the increases and decreases in its net position over time.

Statements of Net Position

The following summarizes the Association's assets, liabilities and net position as of June 30, 2023 and 2022, under the accrual basis of accounting:

| | <u>2023</u> | <u>2022</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---------------------------|---------------------|------------------|--------------------------|---------------------------|
| Assets | \$ <u>1,196,627</u> | <u>1,239,161</u> | <u>(42,534)</u> | (3%) |
| Liabilities | <u>154,177</u> | <u>72,102</u> | <u>82,075</u> | 114% |
| Unrestricted net position | \$ <u>1,042,450</u> | <u>1,167,059</u> | <u>(124,609)</u> | (11%) |

At June 30, 2023, the Association's total net position decreased by \$124,609 or 11% compared to the previous year.

At June 30, 2023, the Association's total current assets decreased by \$42,534 or 3% compared to the previous year. Most of this variance is attributed to the decrease in cash and equivalents of \$68,026, mainly due to operating activities because of the increase in in-person activities on campus.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

On June 30, 2023, the Association's total current liabilities increased by \$82,075 or 114%, compared to the previous year. Most of this variance is related to an increase in accounts payable and accrued expenses, mainly due to the timing of payments.

The following summarizes the Association's assets, liabilities and net position as of June 30, 2022 and 2021, under the accrual basis of accounting:

| | <u>2022</u> | <u>2021</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---------------------------|---------------------|------------------|--------------------------|---------------------------|
| Assets | \$ <u>1,239,161</u> | <u>1,168,324</u> | <u>70,837</u> | 6% |
| Liabilities | <u>72,102</u> | <u>29,113</u> | <u>42,989</u> | 148% |
| Unrestricted net position | \$ <u>1,167,059</u> | <u>1,139,211</u> | <u>27,848</u> | 2% |

At June 30, 2022, the Association's total net position increased by \$27,848 or 2% compared to the previous year.

At June 30, 2022, the Association's total current assets increased by \$70,837 or 6% compared to the previous year. Most of this variance is attributed to the increase in cash and equivalents of \$94,057, mainly due to limited spending and in-person activities on campus.

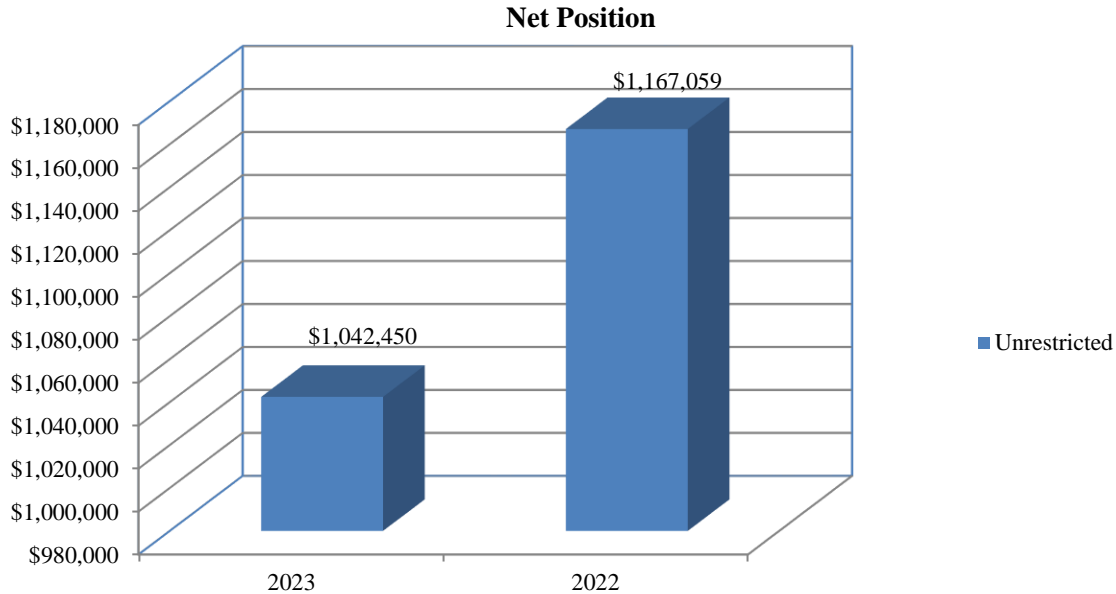
On June 30, 2022, the Association's total current liabilities increased by \$42,989 or 148% compared to the previous year. Most of this variance is related to an increase in accounts payable and accrued expenses of \$47,489, mainly due to the timing of payments.

There were no other significant or unexpected changes in the Association's assets and liabilities.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Association's net position on June 30, 2023 and 2022 by category:



Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position represent the operating budget of the Association, as well as nonoperating revenue and expenses, if any. The significant components of revenue for the years ended June 30, 2023 and 2022 are as follows:

Revenue

| | <u>2023</u> | <u>2022</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---------------------------------------|-------------------|----------------|----------------------|-----------------------|
| Operating revenue: | | | | |
| Student activity fees, net of waivers | \$ 411,050 | 416,808 | (5,758) | (1%) |
| Senior class | 12,139 | 3,326 | 8,813 | 265% |
| Donated space and services | <u>363,589</u> | <u>290,437</u> | <u>73,152</u> | 25% |
| Total operating revenue | <u>786,778</u> | <u>710,571</u> | <u>76,207</u> | 11% |
| Nonoperating revenue: | | | | |
| Student activity fees | 47,178 | - | 47,178 | 100% |
| CUNY support | - | 678 | (678) | (100%) |
| Other | <u>368</u> | <u>13,166</u> | <u>(12,798)</u> | (97%) |
| Total nonoperating revenue | <u>47,546</u> | <u>13,844</u> | <u>33,702</u> | (243%) |
| Total revenue | \$ <u>834,324</u> | <u>724,415</u> | <u>109,909</u> | 15% |

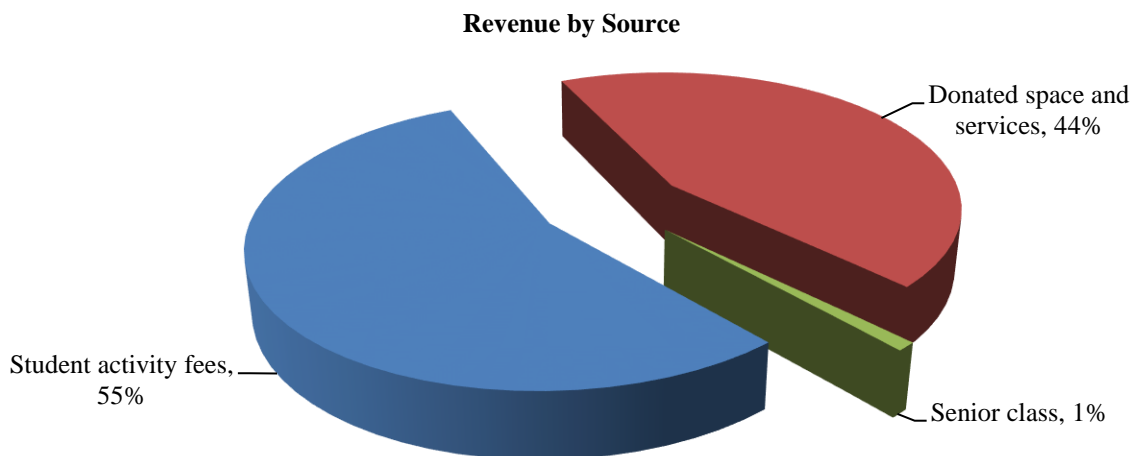
MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

The Association's total revenue for the year ended June 30, 2023, amounted to \$834,324, an increase of \$109,909 or 15%, compared to the previous year. The major contributing factor to this variance is an increase in donated space and services and senior class of \$73,152 and \$8,813, respectively. Donated space and services increase due to new staff and salary increases. The senior class increased mainly due to the return of in-person activities on-campus.

Student activity fees represent approximately 55% of total revenue, and the Association depends on this support level to carry out its operations. There were no other significant or unexpected changes in the Association's revenue.

The following illustrates the Association's revenue, by source, for the year ended June 30, 2023:



MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

The significant components of revenue for the years ended June 30, 2022 and 2021 are as follows:

Revenue

| | <u>2022</u> | <u>2021</u> | <u>Dollar change</u> | <u>Percent change</u> |
|----------------------------|-------------------|----------------|--------------------------|---------------------------|
| Operating revenue: | | | | |
| Student activity fees | \$ 416,808 | 575,878 | (159,070) | (28%) |
| Senior class | 3,326 | 2,300 | 1,026 | 45% |
| Donated space and services | <u>290,437</u> | <u>296,271</u> | <u>(5,834)</u> | (2%) |
| Total operating revenue | <u>710,571</u> | <u>874,449</u> | <u>(163,878)</u> | (19%) |
| Nonoperating revenue: | | | | |
| CUNY support | 678 | 79,370 | (78,692) | (99%) |
| Other | <u>13,166</u> | <u>11,069</u> | <u>2,097</u> | 19% |
| Total nonoperating revenue | <u>13,844</u> | <u>90,439</u> | <u>(76,595)</u> | (85%) |
| Total revenue | <u>\$ 724,415</u> | <u>964,888</u> | <u>(240,473)</u> | (25%) |

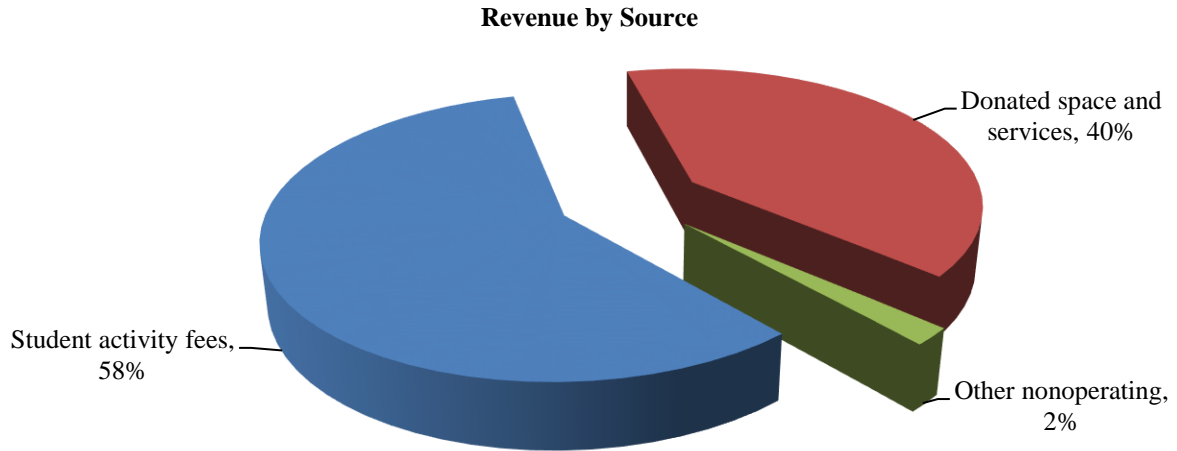
The Association's total revenue for the year ended June 30, 2022, amounted to \$724,415, a decrease of \$240,473 or 25%, compared to the previous year. The major contributing factor to this variance is decreased student activity fees and nonoperating revenue of \$159,070 and \$76,595, respectively. The student activity fees decrease is attributed to a 21% decline in enrollment from Fall 2020 to Fall 2021 and since the onset of the pandemic. Nonoperating revenue decreased primarily due to the transfer of funds in fiscal year 2021 from CUNY for revenue loss due to the pandemic.

Student activity fees represented approximately 58% of total revenue, and the Association depends on this support level to carry out its operations. There were no other significant or unexpected changes in the Association's revenue.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Association's revenue, by source, for the year ended June 30, 2022:



The significant components of expenses for the years ended June 30, 2023 and 2022 are as follows:

Expenses

| | <u>2023</u> | <u>2022</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---------------------------------|-------------------|----------------|----------------------|-----------------------|
| Student government | \$ 77,085 | 65,883 | 11,202 | 17% |
| Athletics and recreation | 160,535 | 163,809 | (3,274) | (2%) |
| Academic support | 6,705 | 3,149 | 3,556 | 113% |
| Graduation/commencement | 25,638 | - | 25,638 | 100% |
| Daycare | 12,950 | 20,254 | (7,304) | (36%) |
| Learning Center | - | 17,852 | (17,852) | (100%) |
| Student life | 277,131 | 95,640 | 181,491 | 190% |
| Student clubs and organizations | 530 | 3,342 | (2,812) | (84%) |
| Donated space and services | 363,589 | 290,437 | 73,152 | 25% |
| Management and general | <u>34,770</u> | <u>36,201</u> | <u>(1,431)</u> | (4%) |
| Total expenses | \$ <u>958,933</u> | <u>696,567</u> | <u>262,366</u> | 38% |

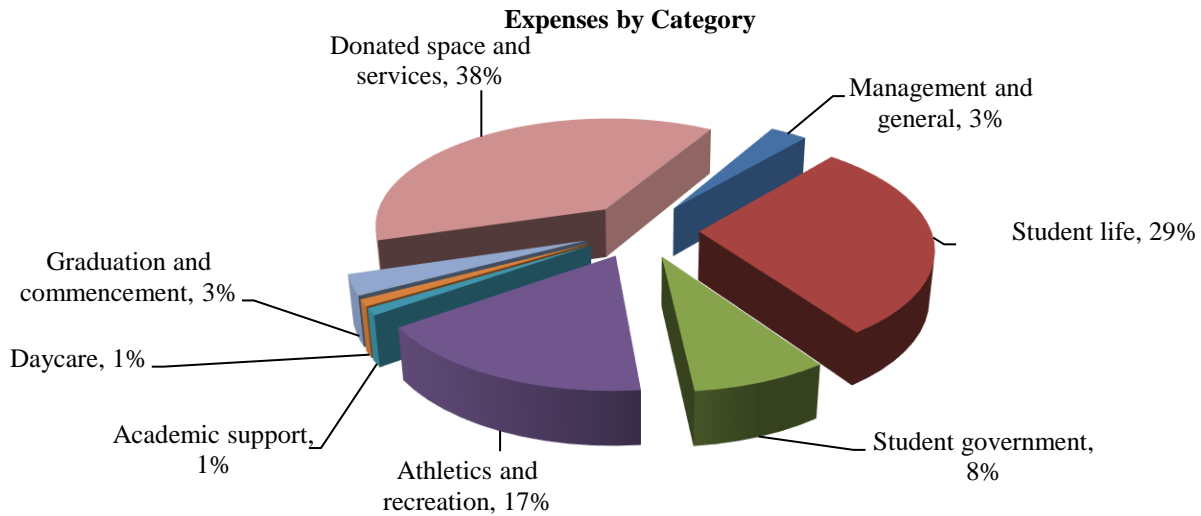
The Association's total expenses for the year ended June 30, 2023, amounted to \$958,933, an increase of \$262,366 or 38%, compared to the previous year. The major components of the variance are related to an increase in student life, donated space and services, graduation/commencement, and student government, in the amount of \$181,491, \$73,152, \$25,638, and \$11,202, respectively. The Association experienced a significant increase due to the easing of COVID restrictions, which led to an increase in in-person activities on campus and higher participation in various programs, events, and services, thereby driving up associated expenses. These increases were offset by decreases in athletics and recreation, daycare, learning center, and student clubs and organizations of \$3,274, \$7,304, \$17,852, and \$2,812, respectively. These programs decreased due to limited expenses, contributing to the overall expenses variance for the Association.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

There were no other significant or unexpected changes in the Association's expenses.

The following illustrates the Association's expenses, by category, for the year ended June 30, 2023:



The significant components of expenses for the years ended June 30, 2022 and 2021 are as follows:

Expenses

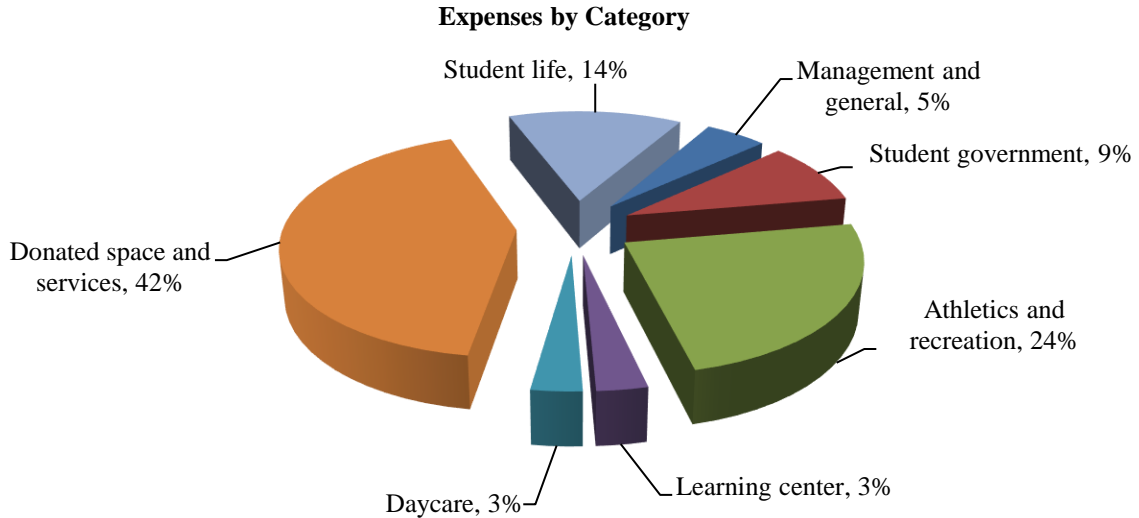
| | <u>2022</u> | <u>2021</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---------------------------------|-------------------|----------------|----------------------|-----------------------|
| Student government | \$ 65,883 | 80,770 | (14,887) | (18%) |
| Athletics and recreation | 163,809 | 75 | 163,734 | 2,183% |
| Academic support | 3,149 | 2,481 | 668 | 27% |
| Graduation/commencement | - | 11,036 | (11,036) | (100%) |
| Daycare | 20,254 | 25,613 | (5,359) | (21%) |
| Learning center | 17,852 | - | 17,852 | 100% |
| Student life | 95,640 | 33,206 | 62,434 | 188% |
| Student clubs and organizations | 3,342 | 3,161 | 181 | 6% |
| Donated space and services | 290,437 | 296,271 | (5,834) | (2%) |
| Management and general | <u>36,201</u> | <u>27,681</u> | <u>8,520</u> | 31% |
| Total expenses | <u>\$ 696,567</u> | <u>480,294</u> | <u>216,273</u> | 45% |

Total expenses for the year ended June 30, 2022, amounted to \$696,567, an increase of \$216,273 or 45%, compared to the previous year. The major components of the variance are related to an increase in athletics and recreation, student life, and learning center in the amount of \$163,734, \$62,434, and \$17,852, respectively. All of these programs were suspended in fiscal year 2021 due to the pandemic and the closure of in-person activities on campus. Athletics and recreation resumed its collegiate athletics season in fiscal year 2022. These increases were offset by decreased student government and graduation/commencement of \$14,887 and \$11,036, respectively. These two programs were decreased due to limited in-person activities on campus.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
Management's Discussion and Analysis, Continued

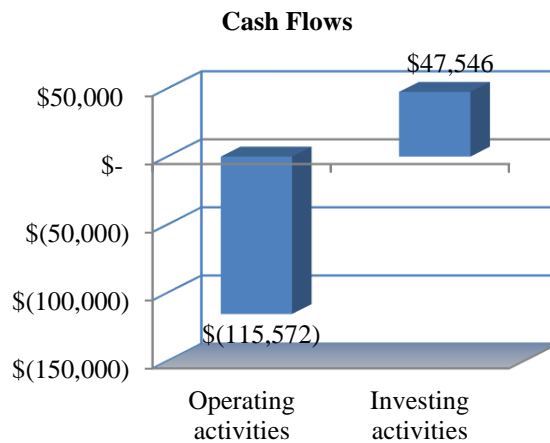
There were no other significant or unexpected changes in the Association's expenses.

The following illustrates the Association's expenses, by category, for the year ended June 30, 2022:



Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement helps users assess the Association's ability to generate net cash flows, meet its obligations by the required date(s), and illustrate its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2023:



Economic Factors That May Affect the Future

No known economic factors may affect the future, except student enrollment, which directly relates to the amount of revenue earned, the related expenses incurred.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
 Statements of Net Position
 June 30, 2023 and 2022

| | <u>Assets</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|------------------|
| Current assets: | | | |
| Cash and equivalents | | \$ 1,029,482 | 1,097,508 |
| Accounts receivable | | <u>167,145</u> | <u>141,653</u> |
| Total current assets | | <u>1,196,627</u> | <u>1,239,161</u> |
| | | | |
| | <u>Liabilities</u> | | |
| Current liabilities - accounts payable and accrued expenses | | <u>154,177</u> | <u>72,102</u> |
| | | | |
| | <u>Net Position</u> | | |
| Unrestricted | | <u>\$ 1,042,450</u> | <u>1,167,059</u> |

See accompanying notes to financial statements.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|------------------|
| Operating revenue: | | |
| Student activity fees, net of waivers | \$ 411,050 | 416,808 |
| Senior class | 12,139 | 3,326 |
| Donated space and services | <u>363,589</u> | <u>290,437</u> |
| Total operating revenue | <u>786,778</u> | <u>710,571</u> |
| Operating expenses: | | |
| Student government | 77,085 | 65,883 |
| Athletics and recreation | 160,535 | 163,809 |
| Academic support | 6,705 | 3,149 |
| Graduation/commencement | 25,638 | - |
| Daycare | 12,950 | 20,254 |
| Learning center | - | 17,852 |
| Student life | 277,131 | 95,640 |
| Student clubs and organizations | 530 | 3,342 |
| Donated space and services | 363,589 | 290,437 |
| Management and general | <u>34,770</u> | <u>36,201</u> |
| Total operating expenses | <u>958,933</u> | <u>696,567</u> |
| Income (loss) from operations | <u>(172,155)</u> | <u>14,004</u> |
| Nonoperating revenue: | | |
| Student activity fees | 47,178 | - |
| CUNY support | - | 678 |
| Other | <u>368</u> | <u>13,166</u> |
| Total nonoperating revenue | <u>47,546</u> | <u>13,844</u> |
| Change in net position | (124,609) | 27,848 |
| Net position at beginning of year | <u>1,167,059</u> | <u>1,139,211</u> |
| Net position at end of year | <u>\$ 1,042,450</u> | <u>1,167,059</u> |

See accompanying notes to financial statements.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
 Statements of Cash Flows
 Years ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|------------------|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Student activity fees, net of waivers | \$ 385,558 | 439,933 |
| Senior class | 12,139 | 3,421 |
| Cash payments to/for: | | |
| Vendors | (415,148) | (342,887) |
| Other | <u>(98,121)</u> | <u>(20,254)</u> |
| Net cash provided by (used in) operating activities | (115,572) | 80,213 |
| Cash flows from investing activities - other nonoperating revenue | <u>47,546</u> | <u>13,844</u> |
| Net change in cash and equivalents | (68,026) | 94,057 |
| Cash and equivalents at beginning of year | <u>1,097,508</u> | <u>1,003,451</u> |
| Cash and equivalents at end of year | <u>\$ 1,029,482</u> | <u>1,097,508</u> |
| Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities: | | |
| Income (loss) from operations | (172,155) | 14,004 |
| Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities - changes in: | | |
| Accounts receivable | (25,492) | 23,220 |
| Accounts payable and accrued expenses | 82,075 | 47,489 |
| Due to related parties | <u>-</u> | <u>(4,500)</u> |
| Net cash provided by (used in) operating activities | <u>\$ (115,572)</u> | <u>80,213</u> |

See accompanying notes to financial statements.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2023 and 2022

(1) Nature of Organization

The Medgar Evers College Student Faculty Association, Inc. (the Association) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural and recreational activities among students of Medgar Evers College (the College) of the City University of New York (CUNY or the University). The Association's revenue is derived primarily from student activity fees levied by a resolution of the University's Board of Directors and collected by the College on the Association's behalf.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Association's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Association is considered a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Association is also considered a discretely presented component unit of the university, as defined by GASB.

(b) Net Position

The Association's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Association to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Association or the passage of time.

Unrestricted - All other net positions, including net positions designated by actions, if any, of the Association's Board of Directors.

At June 30, 2023 and 2022, the Association had no net investment in capital assets and no restricted net position.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

(d) Accounts Receivable

Accounts receivable are charged to bad debt expense when they are uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that the allowance method would have shown.

(e) Revenue Recognition

Student activity fees are recognized in the period earned. Activity fees collected prior to year-end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(f) Donated Space and Services

The Association operates on the campus of the College and utilizes facilities and equipment and personal services of certain College employees. The cost savings associated with these items are reflected in the accompanying financial statements as revenue and expenses amounted to \$363,589 and \$290,437 for the years ended June 30, 2023 and 2022, respectively.

(g) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(h) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Subsequent Events

The Association has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Income Taxes

The Association is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Association has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Association presently discloses or recognizes income tax positions based on management's estimate of whether a liability has been incurred for unrecognized income taxes is reasonably possible or probable. Management has concluded that the Association has taken no uncertain tax positions that require adjusting its financial statements. U.S. Forms 990 filed by the Association are subject to examination by taxing authorities.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Association's deposits may not be returned in the event of a bank failure. At June 30, 2023, \$552,539 of the Association's bank balance of \$1,031,520 was exposed to custodial credit risk as it was uninsured and uncollateralized. At June 30, 2022, \$679,016 of the Association's bank balance of \$1,157,642 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Related Party Transactions

The College provided accounting services related to the bookkeeping of the Association's records for \$15,000 during the years ended June 30, 2023 and 2022.

(5) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.