

MEDGAR EVERS COLLEGE STUDENT
FACULTY ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2021 and 2020

(With Independent Auditors' Report Therein)

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 7
Financial Statements:	
Statements of Net Position	8
Statements of Revenue, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 14

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021 and 2020, and the related notes to financial statements, which collectively comprised of the Association's financial statements as listed in the table of contents.

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 as result of fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. Audits are conducted 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 that the financial statements are free of 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 auditor's judgment, including assessing 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 Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Association'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 and 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 are presented fairly, in all material respects, the net position of Medgar Evers College Student Faculty Association, Inc. as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended. These are completed in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such information is required by the Governmental Accounting Standards Board, which considers it 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 by auditing standards generally accepted in the United States of America. They consist of management inquiries 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 sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 7, 2021

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2021

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, 2021, and the changes in its net position for the year 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 increased by \$484,594 or 74%.
- Total revenue increased by \$122,795 or 15%.
- Total expenses decreased by \$227,119 or 32%.

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, 2021 and 2020, under the accrual basis of accounting:

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>1,168,324</u>	<u>746,091</u>	<u>422,233</u>	57%
Liabilities	<u>29,113</u>	<u>91,474</u>	<u>(62,361)</u>	(68%)
Unrestricted net position	\$ <u>1,139,211</u>	<u>654,617</u>	<u>484,594</u>	74%

At June 30, 2021, the Association's total net position increased by \$484,594 or 74% compared to the previous year.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

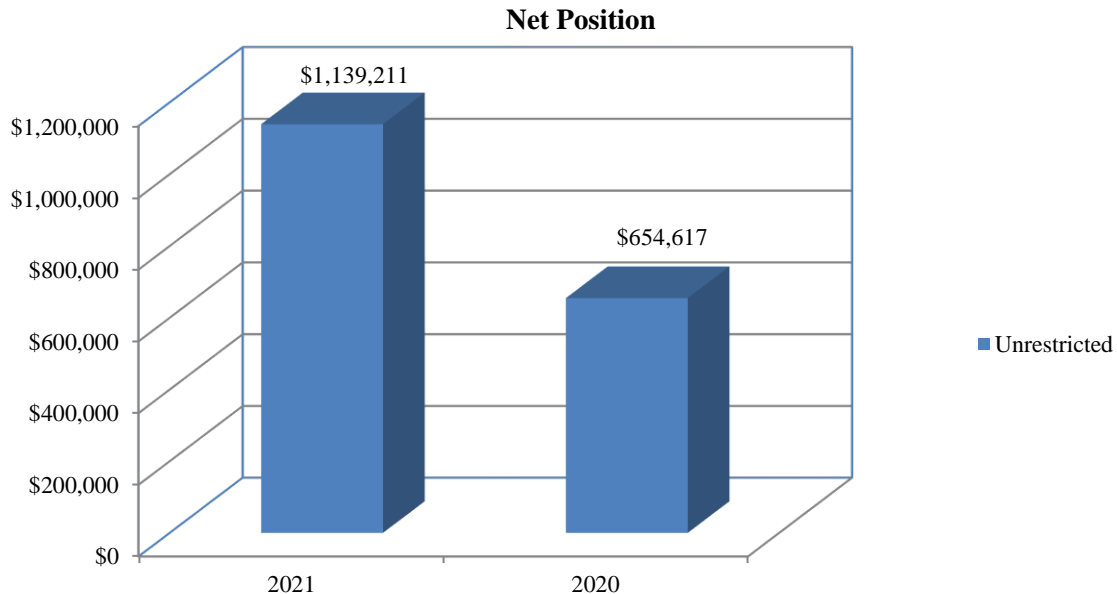
Management's Discussion and Analysis, Continued

At June 30, 2021, the Association's total current assets increased by \$422,233 or 57% compared to the previous year. The majority of this variance is attributed to the increase in cash and equivalents and due from Bursar in the amount of \$375,356 and \$46,877, respectively. Cash and equivalents increased mainly due to the suspension of in-person activities on campus due to the COVID-19 pandemic, thus creating a positive cash flow because of limited spending.

On June 30, 2021, the Association's total current liabilities decreased by \$62,361 or 68% compared to the previous year. The majority of this variance is related to a decrease in due to related parties and accounts payable and accrued expenses of \$31,142 and \$18,977, respectively. Due to related parties decreased primarily because of the repayments of prior year obligations to the Auxiliary Enterprises during the year. Accounts payable decreased mainly due to the timing of payments.

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

The following illustrates the Association's net position on June 30, 2021 and 2020 by category:



MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

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 revenues and expenditures for the years ended June 30, 2021 and 2020 are as follows:

Revenue

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 575,878	603,637	(27,759)	(5%)
Graduation fees	2,300	1,170	1,130	97%
Student clubs	-	3,961	(3,961)	(100%)
Senior class	-	12,143	(12,143)	(100%)
Donated space and services	<u>296,271</u>	<u>220,455</u>	<u>75,816</u>	34%
Total operating revenue	<u>874,449</u>	<u>841,366</u>	<u>33,083</u>	4%
Nonoperating revenue:				
CUNY support	79,370	-	79,370	100%
Other	<u>11,069</u>	<u>727</u>	<u>10,342</u>	1,423%
Total nonoperating revenue	<u>90,439</u>	<u>727</u>	<u>89,712</u>	12,340%
Total revenue	<u>\$ 964,888</u>	<u>842,093</u>	<u>122,795</u>	15%

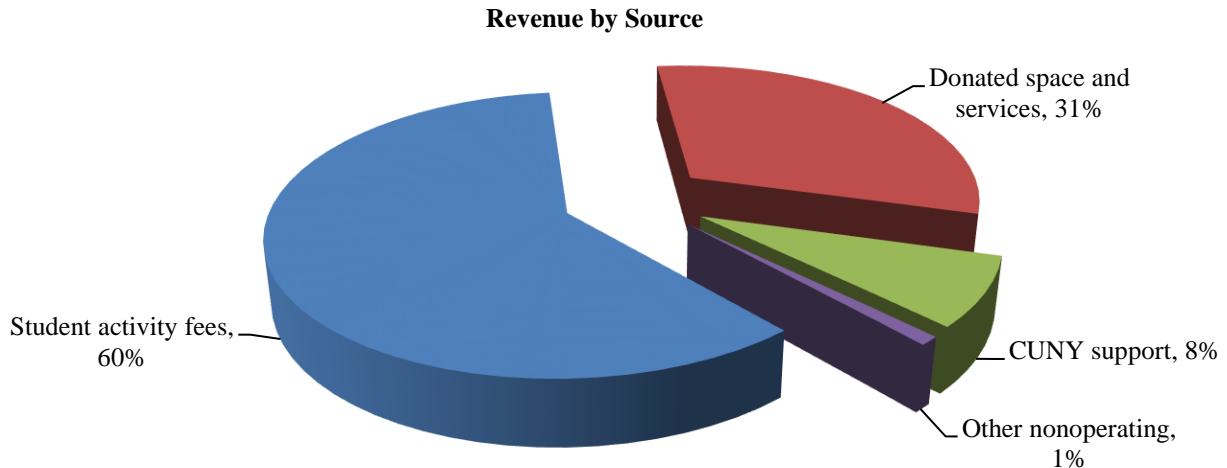
The Association's total revenue for the year ended June 30, 2021, amounted to \$964,888, an increase of \$122,795 or 15%, compared to the previous year. The major contributing factor to this variance is the increase in nonoperating revenue and donated space and services of \$89,712 and \$75,816, respectively. Nonoperating revenue increased primarily due to CUNY transferring funds for revenue loss due to the COVID-19 pandemic. Donated space and services increased mainly due to the changes in Board members and an increase salaries. These increases were offset by decreased student activity fees and senior class of \$27,759 and \$12,143, respectively. The student activity fees decrease is attributed due to an 8% decline in enrollment compared to last year. Senior class and student clubs decreased due to the COVID-19 pandemic, the suspension of in-person classes, and the cancellation of student activities on campus to be conducted virtually.

Student activity fees represented approximately 60% of total revenue, and, accordingly, the Association is dependent on this level of support 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, 2021:



Expenses

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Student government	\$ 80,770	167,904	(87,134)	(52%)
Athletics and recreation	75	107,725	(107,650)	(100%)
Academic support	2,481	34,376	(31,895)	(93%)
Graduation/commencement	11,036	19,381	(8,345)	(43%)
Daycare	25,613	26,118	(505)	(2%)
Learning center	-	15,000	(15,000)	(100%)
Student life	33,206	64,453	(31,247)	(48%)
Student clubs and organizations	3,161	28,017	(24,856)	(89%)
Donated space and services	296,271	220,455	75,816	34%
Management and general	<u>27,681</u>	<u>23,984</u>	<u>3,697</u>	15%
Total expenses	\$ <u>480,294</u>	<u>707,413</u>	<u>(227,119)</u>	(32%)

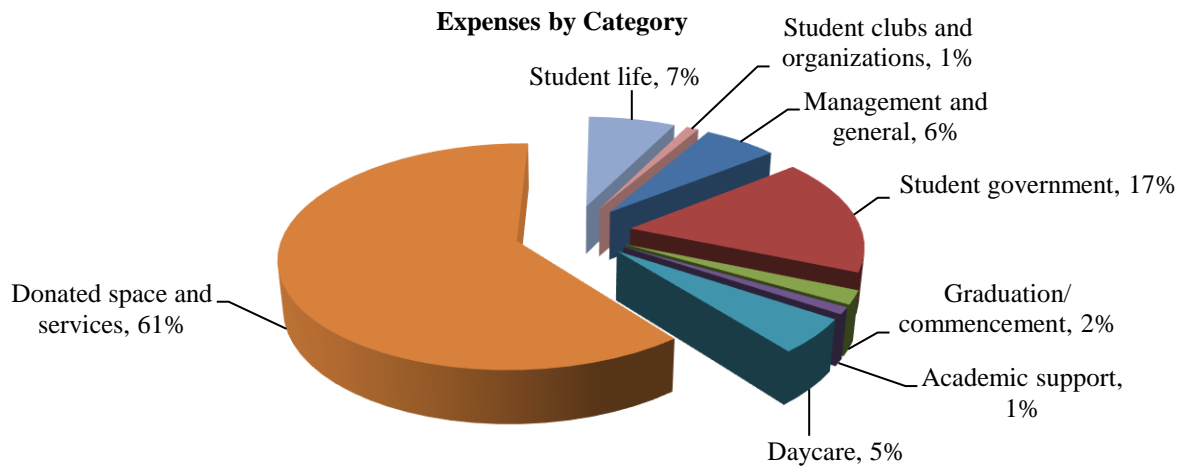
Total expenses for the year ended June 30, 2021, amounted to \$480,294, a decrease of \$227,119 or 32%, compared to the previous year due to the COVID-19 pandemic. The major components of the variance are related to a reduction in athletics and recreation, student government, academic support, student life and student clubs and organizations in the amount of \$107,650, \$87,134, \$31,895, \$31,247 and \$24,856, respectively. All of these programs decreased mainly due to COVID-19 and the closure of in-person activities on campus. Athletics and recreation decreased primarily due to the cancellation of the collegiate athletics season. Donated space and services increased mainly due to the changes in board members and the salary increases.

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

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

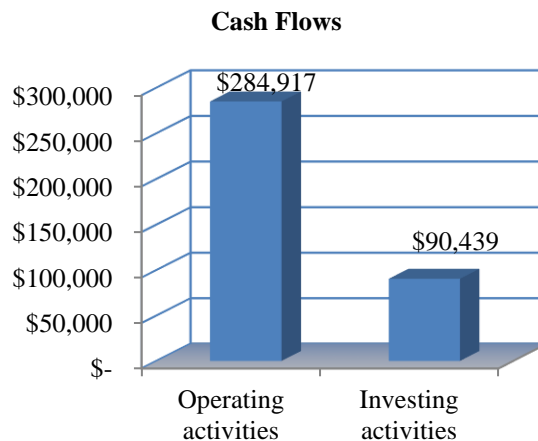
Management's Discussion and Analysis, Continued

The following illustrates the Association's expenses, by category, for the year ended June 30, 2021:



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, 2021:



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, and COVID-19, whose effect is not presently determinable.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
 Statements of Net Position
 June 30, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and equivalents		\$ 1,003,451	628,095
Accounts receivable		<u>164,873</u>	<u>117,996</u>
Total current assets		<u>1,168,324</u>	<u>746,091</u>
	<u>Liabilities</u>		
Current liabilities:			
Accounts payable and accrued expenses		24,613	43,590
Due to related parties		4,500	35,642
Unearned revenue		<u>-</u>	<u>12,242</u>
Total current liabilities		<u>29,113</u>	<u>91,474</u>
	<u>Net Position</u>		
Unrestricted		<u>\$ 1,139,211</u>	<u>654,617</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Student activity fees	\$ 575,878	603,637
Graduation fees	2,300	1,170
Student clubs	-	3,961
Senior class	-	12,143
Donated space and services	<u>296,271</u>	<u>220,455</u>
Total operating revenue	<u>874,449</u>	<u>841,366</u>
Operating expenses:		
Student government	80,770	167,904
Athletics and recreation	75	107,725
Academic support	2,481	34,376
Graduation/commencement	11,036	19,381
Daycare	25,613	26,118
Learning center	-	15,000
Student life	33,206	64,453
Student clubs and organizations	3,161	28,017
Donated space and services	296,271	220,455
Management and general	<u>27,681</u>	<u>23,984</u>
Total operating expenses	<u>480,294</u>	<u>707,413</u>
Income from operations	<u>394,155</u>	<u>133,953</u>
Nonoperating revenue:		
CUNY support	79,370	-
Other	<u>11,069</u>	<u>727</u>
Total nonoperating revenue	<u>90,439</u>	<u>727</u>
Change in net position	484,594	134,680
Net position at beginning of year	<u>654,617</u>	<u>519,937</u>
Net position at end of year	<u>\$ 1,139,211</u>	<u>654,617</u>

See accompanying notes to financial statements.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.
 Statements of Cash Flows
 Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 484,657	631,052
Graduation fees	2,300	1,170
Student clubs	-	3,961
Senior class	-	30,105
Cash payments to/for:		
Vendors	(176,427)	(368,570)
Other	(25,613)	(126,561)
	<u>284,917</u>	<u>171,157</u>
Net cash provided by operating activities	284,917	171,157
Cash flows from investing activities - other nonoperating revenue	<u>90,439</u>	<u>727</u>
Net change in cash and equivalents	375,356	171,884
Cash and equivalents at beginning of year	<u>628,095</u>	<u>456,211</u>
Cash and equivalents at end of year	<u>\$ 1,003,451</u>	<u>628,095</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	394,155	133,953
Adjustments to reconcile income from operations to net cash provided by operating activities - changes in:		
Accounts receivable	(46,877)	33,135
Accounts payable and accrued expenses	(18,977)	(26,595)
Due to related parties	(31,142)	18,422
Unearned revenue	(12,242)	12,242
	<u>\$ 284,917</u>	<u>171,157</u>
Net cash provided by operating activities	<u>\$ 284,917</u>	<u>171,157</u>

See accompanying notes to financial statements.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2021 and 2020

(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, 2021 and 2020, 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 and totaled \$296,271 and \$220,455 for the years ended June 30, 2021 and 2020, 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.

(j) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional, and local level are unknown but have the potential to result in a significant economic impact. The impact of this situation on the Association and its future results and financial position is not presently determinable.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) 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, 2021, \$546,365 of the Association's bank balance of \$1,024,909 was exposed to custodial credit risk as it was uninsured and uncollateralized. At June 30, 2020, \$154,941 of the Association's bank balance of \$633,403 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Related Party Transactions

At June 30, 2021 and 2020, the Association had amounts due to related parties as follows:

	<u>2021</u>	<u>2020</u>
Medgar Ever College Auxiliary Enterprises Corporation	\$ 4,500	3,540
Medgar Evers College	—	<u>32,102</u>
	\$ <u>4,500</u>	<u>35,642</u>

During the year ended June 30, 2021, CUNY allocated \$79,370 in CUNY support funding to the Association.

The College provided accounting services related to the bookkeeping of the Association's records for \$15,000 during the years ended June 30, 2021 and 2020.

(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. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

MEDGAR EVERS COLLEGE STUDENT FACULTY ASSOCIATION, INC.

Notes to Financial Statements, Continued

(5) Accounting Standards Issued But Not Yet Implemented, Continued

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.