

# **Queensborough Community College Fund, Inc.**

Independent Auditor's Report and Financial Statements

June 30, 2019 and 2018



**Queensborough Community College Fund, Inc.**  
**June 30, 2019 and 2018**

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## Independent Auditor's Report

Board of Directors  
Queensborough Community College Fund, Inc.  
Bayside, New York

We have audited the accompanying financial statements of Queensborough Community College Fund, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 auditor's 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 Queensborough Community College Fund, 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 accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in *Note 2* to the financial statements, in 2019, Queensborough Community College Fund, Inc. adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

New York, New York  
September 25, 2019

# Queensborough Community College Fund, Inc.

## Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 227,226	\$ 131,421
Investments	4,671,838	4,524,753
Accounts receivable	2,460	6,800
Contributions receivable	58,789	31,000
Prepaid expenses	64,468	158,613
Total current assets	5,024,781	4,852,587
<b>Noncurrent Assets</b>		
Investments	9,895,244	9,544,565
Contributions receivable	-	32,479
Total noncurrent assets	9,895,244	9,577,044
Total assets	<u>\$ 14,920,025</u>	<u>\$ 14,429,631</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 54,908	\$ 19,173
Due to Queensborough Community College		
Alumni Association	41,405	38,411
Total liabilities	96,313	57,584
<b>Net Assets</b>		
Without donor restrictions	3,260,845	3,253,681
With donor restrictions	11,562,867	11,118,366
Total net assets	14,823,712	14,372,047
Total liabilities and net assets	<u>\$ 14,920,025</u>	<u>\$ 14,429,631</u>

**Queensborough Community College Fund, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Contributions	\$ 22,069	\$ 593,803	\$ 615,872	\$ 5,837	\$ 649,867	\$ 655,704
Special event	\$ 165,296			\$ 181,110		
Less direct costs of special event	(46,312)	118,984	118,984	(56,039)	125,071	125,071
Investment return	145,579	325,429	471,008	291,576	622,431	914,007
Donated services and space	174,013	-	174,013	242,633	-	242,633
Other income	-	-	-	420	-	420
Net assets released from restrictions	474,731	(474,731)	-	428,745	(428,745)	-
Total revenues, gains and other support	935,376	444,501	1,379,877	1,094,282	843,553	1,937,835
<b>Expenses</b>						
Educational support	632,519	-	632,519	547,226	-	547,226
Supporting services						
Management and general	276,123	-	276,123	271,533	-	271,533
Fund raising	19,570	-	19,570	61,036	-	61,036
Total supporting services	295,693	-	295,693	332,569	-	332,569
Total expenses	928,212	-	928,212	879,795	-	879,795
<b>Change in Net Assets</b>	7,164	444,501	451,665	214,487	843,553	1,058,040
<b>Net Assets, Beginning of Year</b>	3,253,681	11,118,366	14,372,047	3,039,194	10,274,813	13,314,007
<b>Net Assets, End of Year</b>	\$ 3,260,845	\$ 11,562,867	\$ 14,823,712	\$ 3,253,681	\$ 11,118,366	\$ 14,372,047

**Queensborough Community College Fund, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2019 and 2018**

	2019				
	<b>Educational Support</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Direct Costs of Special Event</b>	<b>Total</b>
Salaries and benefits	\$ 65,643	\$ 65,643	\$ -	\$ -	\$ 131,286
Office expense	20,710	-	-	-	20,710
Postage	-	5,888	-	-	5,888
Meetings	36,141	-	-	-	36,141
Scholarships and awards	219,854	-	-	-	219,854
Donated services and space	-	174,013	-	-	174,013
Travel	65,220	-	-	-	65,220
Insurance	-	2,311	-	-	2,311
Event - catering and entertainment	-	-	-	46,312	46,312
Printing	-	-	15,013	-	15,013
Honorarium and stipends	45,634	-	-	-	45,634
Curatorial	15,172	-	-	-	15,172
Program events	119,726	-	4,557	-	124,283
Dues and registration fees	7,591	-	-	-	7,591
Professional services	-	21,060	-	-	21,060
Miscellaneous	36,828	7,208	-	-	44,036
<b>Total expenses</b>	<b>632,519</b>	<b>276,123</b>	<b>19,570</b>	<b>46,312</b>	<b>974,524</b>
Less expenses deducted directly from revenues on the statement of activities and changes in net assets					
Direct cost of special event	-	-	-	(46,312)	(46,312)
<b>Total expenses reported by function on the statement of activities and changes in net assets</b>	<b>\$ 632,519</b>	<b>\$ 276,123</b>	<b>\$ 19,570</b>	<b>\$ -</b>	<b>\$ 928,212</b>

**Queensborough Community College Fund, Inc.**  
**Statements of Functional Expenses (Continued)**  
**Years Ended June 30, 2019 and 2018**

	2018				
	Educational Support	Management and General	Fund Raising	Direct Costs of Special Event	Total
Salaries and benefits	\$ 106,755	\$ -	\$ 39,010	\$ -	\$ 145,765
Office expense	8,121	-	-	-	8,121
Books and publications	868	-	-	-	868
Postage	-	4,089	-	-	4,089
Meetings	11,123	-	-	-	11,123
Scholarships and awards	245,320	-	-	-	245,320
Donated services and space	-	242,633	-	-	242,633
Travel	49,564	-	-	-	49,564
Insurance	-	2,311	-	-	2,311
Event - catering and entertainment	-	-	-	56,039	56,039
Printing	-	-	20,758	-	20,758
Honorarium and stipends	13,215	-	-	-	13,215
Curatorial	24,742	-	-	-	24,742
Program events	76,047	-	1,268	-	77,315
Dues and registration fees	2,870	-	-	-	2,870
Professional services	-	22,500	-	-	22,500
Miscellaneous	8,601	-	-	-	8,601
Total expenses	547,226	271,533	61,036	56,039	935,834
Less expenses deducted directly from revenues on the statement of activities and changes in net assets					
Direct cost of special event	-	-	-	(56,039)	(56,039)
Total expenses reported by function on the statement of activities and changes in net assets	\$ 547,226	\$ 271,533	\$ 61,036	\$ -	\$ 879,795



**Queensborough Community College Fund, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>		
Change in net assets	\$ 451,665	\$ 1,058,040
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized gains on investments	(57,774)	(643,494)
Contributions restricted for long-term investment	(255,927)	(209,563)
Changes in		
Contributions receivable	(32,560)	167,610
Accounts receivable	4,340	(6,800)
Prepaid expenses	94,145	(29,402)
Accounts payable and accrued expenses	35,735	5,726
Due to Queensborough Community College Alumni Association	2,994	7,071
Net cash provided by operating activities	<u>242,618</u>	<u>349,188</u>
<b>Investing Activities</b>		
Purchase of investments	(1,714,121)	(2,479,250)
Proceeds from sales of investments	<u>1,274,131</u>	<u>1,657,444</u>
Net cash used in investing activities	<u>(439,990)</u>	<u>(821,806)</u>
<b>Financing Activities</b>		
Proceeds from contributions restricted for long-term investment	<u>293,177</u>	<u>230,313</u>
Net cash provided by financing activities	<u>293,177</u>	<u>230,313</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	95,805	(242,305)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>131,421</u>	<u>373,726</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 227,226</u></u>	<u><u>\$ 131,421</u></u>

# **Queensborough Community College Fund, Inc.**

## **Notes to Financial Statements**

**June 30, 2019 and 2018**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Queensborough Community College Fund, Inc. (the Fund) was incorporated under the laws of New York State for the purpose of providing ancillary services to further the goals of Queensborough Community College (the College). The Fund is supported primarily by contributions, a special event, and investment return.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and change in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Fund considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market accounts.

#### ***Investments and Net Investment Return***

Investments in mutual funds and equities having a readily determinable fair value are carried at fair value. Investments in dynamic asset allocation overlays and alternative investment are recorded at net asset value (NAV), as a practical expedient. Investment return includes dividend and interest less investment expenses; realized and unrealized gains and losses on investments carried at fair value.

Investments associated with the restricted endowment and its associated undistributed accumulated earnings are classified as noncurrent on the statements of financial position.

The Fund maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

#### ***Artwork***

It is the policy of the Fund not to capitalize or recognize contributions of artwork or other collection items.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### ***Allowance for Doubtful Accounts and Bad Debt Expense***

Contributions and accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the contributions and accounts receivable by management. Factors used to determine whether an allowance should be recorded include the age of the receivable, a review of payments subsequent to year end, historical information and other factors. Management has determined that no allowance is necessary at June 30, 2019 and 2018.

### ***Due to/from Queensborough Community College Alumni Association***

The Fund periodically advances and collects money on behalf of the College or other related entities. As of June 30, 2019 and 2018, the Fund held cash of \$41,405 and \$38,411, respectively, for the Queensborough Community College Alumni Association.

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### ***Contributions***

Contributions are provided to the Fund either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Fund overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

# **Queensborough Community College Fund, Inc.**

## **Notes to Financial Statements**

**June 30, 2019 and 2018**

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

### ***Special Events***

The Fund conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received in excess of the direct costs are recorded as special events revenues in the accompanying statements of activities and changes in net assets.

### ***Donated Services and Space***

Donated services are recognized at cost as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Fund. Donated space is recognized based on the cost of the rental. The time expended by members of the Board of Directors and other volunteers is not recognized as contributions in the financial statements.

### ***Scholarships and Awards***

Scholarships and awards are recorded when approved by management and the Board of Directors.

### ***Income Taxes***

The Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Fund is subject to federal income tax on any unrelated business taxable income. The Fund files tax returns in the U.S. federal jurisdiction.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the separate statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on hours worked, square footage of space used, and other methods.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 2: Change in Accounting Principle

In 2019, the Fund adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

#### **Statements of Financial Position**

- The statements of financial position distinguish between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

#### **Statements of Activities and Functional Expenses**

- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.
- Expenses are reported by both nature and function in one location.

#### **Statements of Cash Flows**

- The Fund continues to use the indirect method of reporting to present operating cash flows.

#### **Notes to the Financial Statements**

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statements of financial position.

This change had no impact on previously reported total change in net assets.

### Note 3: Fair Value Measurements and Disclosures

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	2019	
	Fair Value	
	Quoted Prices	
	(Level 1)	Total
Mutual funds		
Emerging market	\$ 145,014	\$ 145,014
Global fixed income	1,479,703	1,479,703
Intermediate duration	1,463,219	1,463,219
International equity	1,022,865	1,022,865
International portfolio	569,187	569,187
International small/mid-cap equity	294,055	294,055
Real asset strategy	527,633	527,633
Bond inflation strategy	67,902	67,902
Short duration	4,013	4,013
Total mutual funds	5,573,591	5,573,591
Equities		
Strategic equities	3,633,393	3,633,393
Total equities	3,633,393	3,633,393
Total investments reported on the fair value hierarchy	\$ 9,206,984	9,206,984
Investments reported using NAV as a practical expedient (A)		
Dynamic asset allocation overlays		
Overlay A - equity-oriented asset allocation		2,738,970
Overlay B - fixed income-oriented asset allocation		1,062,988
Alternative investment		1,558,140
Total investments using NAV as a practical expedient		5,360,098
Total investments		\$ 14,567,082

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

	2018	
	Fair Value	
	Quoted Prices	
	(Level 1)	Total
Mutual funds		
Emerging market	\$ 135,575	\$ 135,575
Global fixed income	1,385,337	1,385,337
Intermediate duration	1,366,222	1,366,222
International equity	969,818	969,818
International portfolio	541,379	541,379
International small/mid-cap equity	297,371	297,371
Real asset strategy	548,917	548,917
Short duration	3,876	3,876
Total mutual funds	5,248,495	5,248,495
Equities		
Strategic equities	3,517,065	3,517,065
Unmanaged equity	2,777	2,777
Total equities	3,519,842	3,519,842
Total investments reported on the fair value hierarchy	\$ 8,768,337	8,768,337
Investments reported using NAV as a practical expedient (A)		
Dynamic asset allocation overlays		
Overlay A - equity-oriented asset allocation		2,719,535
Overlay B - fixed income-oriented asset allocation		1,020,548
Alternative investment		1,560,898
Total investments using NAV as a practical expedient		5,300,981
Total investments		\$ 14,069,318

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

Following is a description of the valuation methodology and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2019 and 2018.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the Fund at the end of the year. The mutual funds held by the Fund are deemed to be actively traded.

*Equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The following table summarizes investments measured at fair value using NAV as a practical expedient as of June 30, 2019 and 2018:

Investment	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2019	2018			
Dynamic asset allocation overlays					
Overlay A - equity-oriented asset allocation	\$ 2,738,970	\$ 2,719,535	\$ -	Daily	None
Overlay B - fixed income-oriented asset allocation	1,062,988	1,020,548	-	Daily	None
Alternative investment	1,558,140	1,560,898	-	Quarterly	95 days
	<u>\$ 5,360,098</u>	<u>\$ 5,300,981</u>			

The Dynamic Asset Allocation Overlay (DAA overlay) is designed to reduce overall portfolio volatility over the long term and mitigate the effects of extreme market environments. It engages hundreds of mutual funds and equities to invest in a wide universe of strategies that accomplish its strategy of mitigating risky market conditions. The shares in this portfolio are redeemed daily.

The Alternative Investment is a hedge-fund-of-funds that focuses on a strong risk-adjusted return (rather than just positive returns on a relative-to-an-index basis). It engages about 20 different hedge-funds (across various hedge-fund managers) to invest in a wide universe of various specialized strategies that include:

- *Long/Short Equity:* utilize a long and short strategy primarily in stocks. The exposures of these stocks will vary by geography, market capitalization, industry, sector and concentration.
- *Event Driven:* this focuses on the opportunities from certain corporate events which may include Merger & Acquisition transactions, spin-offs, buybacks and other corporate restructurings.
- *Credit/Distressed:* generally long and short fixed-income strategies. This strategy capitalizes on opportunistic trading and also on distressed and/or high-yield securities.
- *Emerging Market:* this strategy is just defined by the market in which the hedge-fund operates. The strategy focuses on emerging market equity and debt investments of emerging markets/governments.
- *Global Macro:* a global top-down approach to investing across stocks, bonds, commodities and currencies.



# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

The Alternative Investment offers quarterly liquidity (with 95 days' advanced written notification necessary).

These shares do not trade on any exchanges and liquidity is created through the repurchase by the Alternative Investment of outstanding shares. The amount of repurchase/liquidity is determined by the Board of the Alternative Investment, which will generally be limited to 15% of outstanding shares of the Alternative Investment per quarter.

Proceeds are typically available within 45 days after the liquidation/valuation date with a 5% holdback on full liquidations to be paid upon completion of the Alternative Investment's audit. There are currently no unfunded commitments.

### Note 4: Contributions Receivable

Contributions receivable have been discounted over the payment period using 0.72% - 2.97% discount rates at the time of the contribution. No allowance for doubtful accounts was deemed necessary by management. Contributions receivable consisted of the following as of June 30, 2019 and 2018.

	<b>With Donor Restrictions</b>	
	<b>2019</b>	<b>2018</b>
Due in one year	\$ 58,789	\$ 31,000
Due in two to five years	-	34,250
	58,789	65,250
Less discount for net present value	-	(1,771)
Total	<u>\$ 58,789</u>	<u>\$ 63,479</u>

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 5: Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose		
Scholarships and awards	\$ 1,755,017	\$ 1,750,124
National Endowment for Humanities Grant	398,448	354,403
Art Gallery	774,518	781,364
Holocaust Center	1,105,227	973,610
Other	453,954	371,561
Subject to the passage of time	58,789	65,250
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for scholarships and awards	1,948,638	1,807,294
National Endowment for Humanities Grant	1,226,759	1,290,673
Art Gallery	1,455,753	1,414,054
Holocaust	2,385,764	2,310,033
Total	<u>\$ 11,562,867</u>	<u>\$ 11,118,366</u>

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### ***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2019	2018
Expiration of time restrictions	\$ 81,461	\$ 116,499
Satisfaction of purpose restrictions		
Scholarships and awards	57,277	131,639
Holocaust Center	1,361	-
Other	134,487	19,996
	<u>274,586</u>	<u>268,134</u>
Restricted purpose spending-rate distributions and appropriations		
Scholarships and awards	53,924	83,198
National Endowment for Humanities Grant	67,307	-
Art gallery	78,914	77,413
	<u>200,145</u>	<u>160,611</u>
Total	<u>\$ 474,731</u>	<u>\$ 428,745</u>

### **Note 6: Endowment**

#### ***General***

The Fund's endowments consist of 59 donor-restricted endowment funds for the purposes indicated below.

#### ***Interpretation of Relevant Law***

The Board of Directors of the Fund adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Fund is governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7% of the average of its previous five years' balance. In 2019 and 2018, the spending rate was approximately 2%. As a result of this interpretation, the Fund classifies as donor restricted endowment net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Additionally, donor-restricted endowment funds include earnings until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### ***Return Objectives, Strategies Employed and Spending Policy***

The objective of the Fund is to grow the endowment funds to maintain purchasing power. The investment policy to achieve this objective is to invest in a diversified investment portfolio. Investment income earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the programs for which the endorsement was established.

### ***Funds with Deficiencies***

The Fund does not have any funds with deficiencies.

Change in endowment net assets for the years ended June 30, 2019 and 2018 were:

	<b>With Donor Restrictions</b>	
	<b>2019</b>	<b>2018</b>
Endowment net assets, beginning of year	\$ 9,544,565	\$ 8,873,183
Investment return	325,429	622,431
Contributions	255,927	209,563
Appropriation of endowment net assets for expenditure	<u>(230,677)</u>	<u>(160,612)</u>
Endowment net assets, end of year	<u>\$ 9,895,244</u>	<u>\$ 9,544,565</u>

### **Note 7: Donated Services and Space**

The Fund utilizes certain facilities and professional services provided by the College. The estimated fair values of occupancy costs were \$10,364 and \$9,786 and salaries and benefits are included in the accompanying statements of activities and changes in net assets as both income and expense.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 8: Annual Fundraising Event

A summary of the activity from the Fund's annual fundraising dinner is presented as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Dinner ticket sales and sponsorships	\$ 127,796	\$ 150,010
Journal ads	37,500	31,100
Expenses		
Cost of event	<u>(46,312)</u>	<u>(56,039)</u>
Net support from fundraising event	<u>\$ 118,984</u>	<u>\$ 125,071</u>

### Note 9: Concentrations

The Fund maintains cash accounts at a bank which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, account balances may exceed the FDIC coverage limit.

Investments are reported at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

### Note 10: Queensborough Community College Auxiliary

The Queensborough Community College Auxiliary (the Auxiliary) is a related organization that is not controlled by the Fund. The Fund receives support from the Auxiliary to be used to provide scholarships for students. For the years ended June 30, 2019 and 2018, total support received from the Auxiliary amounted to \$95,000 in each year and is included in contributions with donor restrictions on the statements of activities and changes in net assets.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 11: Art Collection

The Fund has title to an art collection which has been accumulated over the years through donations of works of art which were donated to the Fund for the benefit of the College. The value of the contributed collection items is not reflected within the Fund's financial statements. Most of the pieces are exhibited in the art gallery on the campus of the College while others are on display throughout the campus. The pieces are not for sale and the collection had an estimated value at June 30, 2016 of approximately \$26,500,000. In fiscal year 2015, the Board of the Fund approved a transfer of title of the artwork to the College. The transfer of the donated collection is pending and will be finalized once a current appraisal of the collection is completed and the Board of the City University of New York accepts the gift.

### Note 12: Liquidity and Availability

The Fund's financial assets available within one year of the statements of financial position date for general expenditures as of June 30, 2019 are:

Current financial assets at year end	
Cash and cash equivalents	\$ 227,226
Investments	4,671,838
Accounts receivable	<u>2,460</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,901,524</u>

The Fund manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Fund has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 360 days' operating expenses. The Fund has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 30 to 45 days of expected expenditures. To achieve these targets, the Fund forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended June 30, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

### Note 13: Subsequent Events

Subsequent events have been evaluated through September 25, 2019, which is the date the financial statements were available to be issued.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 14: Future Changes in Accounting Principles

#### ***Revenue Recognition***

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities, and any interim periods within annual reporting periods that begin after December 15, 2019. The Fund is in the process of evaluating the impact the amendment will have on the financial statements.

#### ***FASB Releases Not-for-Profit Accounting Standard for Grants and Contributions***

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. For non-public entities, the standard will be effective for reporting periods beginning on or after December 15, 2018.