

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

Independent Auditor's Report and Financial Statements

June 30, 2020 and 2019



**Queensborough Community College Fund, Inc.**  
**June 30, 2020 and 2019**

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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, 2020 and 2019, 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, 2020 and 2019 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.

*BKD, LLP*

New York, New York  
September 21, 2020

**Queensborough Community College Fund, Inc.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 254,665	\$ 227,226
Investments	4,734,053	4,671,838
Accounts receivable	12,041	2,460
Contributions receivable	-	58,789
Prepaid expenses	<u>7,393</u>	<u>64,468</u>
Total current assets	<u>5,008,152</u>	<u>5,024,781</u>
<b>Noncurrent Assets</b>		
Investments	<u>9,758,945</u>	<u>9,895,244</u>
Total noncurrent assets	<u>9,758,945</u>	<u>9,895,244</u>
Total assets	<u><u>\$ 14,767,097</u></u>	<u><u>\$ 14,920,025</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 63,951	\$ 54,908
Due to Queensborough Community College Alumni Association	<u>45,101</u>	<u>41,405</u>
Total liabilities	<u>109,052</u>	<u>96,313</u>
<b>Net Assets</b>		
Without donor restrictions	3,071,468	3,260,845
With donor restrictions	<u>11,586,577</u>	<u>11,562,867</u>
Total net assets	<u>14,658,045</u>	<u>14,823,712</u>
Total liabilities and net assets	<u><u>\$ 14,767,097</u></u>	<u><u>\$ 14,920,025</u></u>

**Queensborough Community College Fund, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, Losses and Other Support</b>						
Contributions	\$ 93,373	\$ 460,238	\$ 553,611	\$ 22,069	\$ 593,803	\$ 615,872
Special event	\$ 16,550			\$ 165,296		
Less direct costs of special event	(1,170)	15,380	15,380	(46,312)	118,984	118,984
Investment return	(16,128)	(42,685)	(58,813)	145,579	325,429	471,008
Donated services and space	207,228	-	207,228	174,013	-	174,013
Other income	1,443	-	1,443	-	-	-
Net assets released from restrictions	393,843	(393,843)	-	474,731	(474,731)	-
Total revenues, gains, losses and other support	695,139	23,710	718,849	935,376	444,501	1,379,877
<b>Expenses</b>						
Educational support	599,304	-	599,304	632,519	-	632,519
Supporting services						
Management and general	272,831	-	272,831	276,123	-	276,123
Fundraising	12,381	-	12,381	19,570	-	19,570
Total supporting services	285,212	-	285,212	295,693	-	295,693
Total expenses	884,516	-	884,516	928,212	-	928,212
<b>Change in Net Assets</b>	(189,377)	23,710	(165,667)	7,164	444,501	451,665
<b>Net Assets, Beginning of Year</b>	3,260,845	11,562,867	14,823,712	3,253,681	11,118,366	14,372,047
<b>Net Assets, End of Year</b>	\$ 3,071,468	\$ 11,586,577	\$ 14,658,045	\$ 3,260,845	\$ 11,562,867	\$ 14,823,712

# Queensborough Community College Fund, Inc.

## Statements of Functional Expenses

Years Ended June 30, 2020 and 2019

	2020				
	Educational Support	Management and General	Fundraising	Direct Costs of Special Event	Total
Salaries and benefits	\$ 32,945	\$ 32,945	\$ -	\$ -	\$ 65,890
Office expense	8,314	-	-	-	8,314
Postage	-	5,025	-	-	5,025
Meetings	33,969	-	-	-	33,969
Scholarships and awards	241,631	-	-	-	241,631
Donated services and space	-	207,228	-	-	207,228
Travel	50,040	-	-	-	50,040
Insurance	-	2,311	-	-	2,311
Event - catering and entertainment	-	-	-	1,170	1,170
Printing	1,017	-	11,216	-	12,233
Honorarium and stipends	64,772	-	-	-	64,772
Curatorial	35,438	-	-	-	35,438
Program events	77,208	-	1,165	-	78,373
Dues and registration fees	1,898	-	-	-	1,898
Professional services	-	25,286	-	-	25,286
Miscellaneous	52,072	36	-	-	52,108
Total expenses	599,304	272,831	12,381	1,170	885,686
Less expenses deducted directly from revenues on the statements of activities and changes in net assets					
Direct cost of special event	-	-	-	(1,170)	(1,170)
Total expenses reported by function on the statements of activities and changes in net assets	\$ 599,304	\$ 272,831	\$ 12,381	\$ -	\$ 884,516

**Queensborough Community College Fund, Inc.**  
**Statements of Functional Expenses (Continued)**  
**Years Ended June 30, 2020 and 2019**

	<b>2019</b>				
	<b>Educational Support</b>	<b>Management and General</b>	<b>Fundraising</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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	632,519	276,123	19,570	46,312	974,524
Less expenses deducted directly from revenues on the statements of activities and changes in net assets					
Direct cost of special event	-	-	-	(46,312)	(46,312)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses reported by function on the statements of activities and changes in net assets	<u>\$ 632,519</u>	<u>\$ 276,123</u>	<u>\$ 19,570</u>	<u>\$ -</u>	<u>\$ 928,212</u>



# Queensborough Community College Fund, Inc.

## Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Change in net assets	\$ (165,667)	\$ 451,665
Items not requiring (providing) operating cash flows		
Net realized and unrealized losses (gains) on investments	361,332	(57,774)
Contributions restricted for long-term investment	(139,928)	(255,927)
Changes in		
Contributions receivable	58,789	(32,560)
Accounts receivable	(9,581)	4,340
Prepaid expenses	57,075	94,145
Accounts payable and accrued expenses	9,043	35,735
Due to Queensborough Community College Alumni Association	3,696	2,994
	<u>174,759</u>	<u>242,618</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of investments	(1,910,463)	(1,714,121)
Proceeds from sales of investments	<u>1,623,215</u>	<u>1,274,131</u>
	<u>(287,248)</u>	<u>(439,990)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Proceeds from contributions restricted for long-term investment	<u>139,928</u>	<u>293,177</u>
	<u>139,928</u>	<u>293,177</u>
Net cash provided by financing activities		
<b>Increase in Cash and Cash Equivalents</b>	27,439	95,805
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>227,226</u>	<u>131,421</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 254,665</u></u>	<u><u>\$ 227,226</u></u>

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

## **Notes to Financial Statements**

**June 30, 2020 and 2019**

### **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, 2020 and 2019, cash equivalents consisted primarily of money market accounts. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are considered to be cash and cash equivalents.

At June 30, 2020, the Fund's cash accounts did not exceed federally insured limits.

#### ***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, 2020 and 2019

### ***Allowance for Doubtful Accounts***

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, 2020 and 2019.

### ***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, 2020, and 2019, the Fund held cash of \$45,101 and \$41,405, 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

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

Nature of the Gift	Value Recognized
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

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.

Conditional contributions, gifts, and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

As of June 30, 2020 and 2019, the Fund did not have any conditional contributions.

### ***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, 2020 and 2019

### Note 2: Change in Accounting Principle

#### ***ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made***

During 2020, the Fund adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify 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. As a result of adoption of the standard, there was no change on the previously reported net assets or 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, 2020 and 2019

### ***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, 2020 and 2019:

	<b>2020</b>	
	<b>Fair Value Measurements Using</b>	
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	
		<b>Total</b>
Mutual funds		
Emerging market	\$ 152,901	\$ 152,901
Global fixed income	1,499,169	1,499,169
Intermediate duration	1,492,295	1,492,295
International equity	1,055,673	1,055,673
International portfolio	319,353	319,353
International small/mid-cap equity	331,983	331,983
Real asset strategy	465,364	465,364
Bond inflation strategy	70,755	70,755
Global high-yield fixed income	285,725	285,725
Total mutual funds	5,673,218	5,673,218
Equities		
Strategic equities	3,507,003	3,507,003
Total equities	3,507,003	3,507,003
Total investments reported on the fair value hierarchy	\$ 9,180,221	9,180,221
Investments reported using NAV as a practical expedient (A)		
Dynamic asset allocation overlays		
Overlay A - equity-oriented asset allocation		2,549,118
Overlay B - fixed income-oriented asset allocation		1,063,703
Alternative investment (a)		1,558,551
Alternative investment (b)		141,405
Total investments using NAV as a practical expedient		5,312,777
Total investments		\$ 14,492,998

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

	2019	
	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (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

- (A) Certain investments that are measured at fair value using NAV 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, 2020 and 2019

The 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, 2020 and 2019.

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes investments measured at fair value using NAV as a practical expedient as of June 30, 2020 and 2019:

Investment	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2020	2019			
Dynamic asset allocation overlays					
Overlay A - equity-oriented asset allocation	\$ 2,549,118	\$ 2,738,970	\$ -	Daily	None
Overlay B - fixed income-oriented asset allocation	1,063,703	1,062,988	-	Daily	None
Alternative investment (a)	1,558,551	1,558,140	-	Quarterly	95 days
Alternative investment (b)	141,405	-	-	Quarterly	95 days
	<u>\$ 5,312,777</u>	<u>\$ 5,360,098</u>	<u>\$ -</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.



# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

Alternative investments (a) and (b) are both hedge funds of funds that focus on a strong risk adjusted return (rather than just positive returns on a relative to an index basis). They engage about 45 hedge-funds combined 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.

Alternative investments (a) and (b) offer 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 percent and 10 percent of outstanding shares of alternative investments (a) and (b) respectively per quarter.

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

### Note 4: Contributions Receivable

Contributions receivable consisted of the following as of June 30, 2020 and 2019.

	<b>With Donor Restrictions</b>	
	<b>2020</b>	<b>2019</b>
Due in one year	\$ -	\$ 58,789
Total	<u>\$ -</u>	<u>\$ 58,789</u>

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 5: Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose		
Scholarships and awards	\$ 1,763,472	\$ 1,755,017
National Endowment for Humanities Grant	369,175	398,448
Art Gallery	686,598	774,518
Holocaust Center	1,017,339	1,105,227
Other	593,149	453,954
	<u>4,429,733</u>	<u>4,487,164</u>
Subject to the passage of time	<u>-</u>	<u>58,789</u>
Endowments		
Subject to appropriation and expenditure		
when a specified event occurs		
Restricted by donors for scholarships and awards	2,015,895	1,948,638
National Endowment for Humanities Grant	1,226,785	1,226,759
Art Gallery	1,483,814	1,455,753
Holocaust	2,430,350	2,385,764
	<u>7,156,844</u>	<u>7,016,914</u>
Total	<u>\$ 11,586,577</u>	<u>\$ 11,562,867</u>

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

### ***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.

	2020	2019
Expiration of time restrictions	\$ 58,789	\$ 81,461
Satisfaction of purpose restrictions		
Scholarships and awards	8,692	57,277
Holocaust Center	-	1,361
Other	92,820	134,487
	<u>160,301</u>	<u>274,586</u>
Restricted purpose spending-rate distributions and appropriations		
Scholarships and awards	49,079	53,924
Holocaust Center	80,864	-
National Endowment for Humanities Grant	23,727	67,307
Art gallery	79,872	78,914
	<u>233,542</u>	<u>200,145</u>
Total	<u>\$ 393,843</u>	<u>\$ 474,731</u>

### **Note 6: Endowment**

#### ***General***

The Fund's endowments consist of 63 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 percent of the average of its previous five years' balance. In 2020 and 2019, the spending rate was approximately 2 percent. 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, 2020 and 2019

### ***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, 2020 and 2019 were:

	<b>With Donor Restrictions</b>	
	<b>2020</b>	<b>2019</b>
Endowment net assets, beginning of year	\$ 9,895,244	\$ 9,544,565
Investment return	(42,685)	325,429
Contributions	139,928	255,927
Appropriation of endowment net assets for expenditure	<u>(233,542)</u>	<u>(230,677)</u>
Endowment net assets, end of year	<u>\$ 9,758,945</u>	<u>\$ 9,895,244</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 \$10,750 and \$10,364 in 2020 and 2019, respectively, and salaries and benefits are included in the accompanying statements of activities and changes in net assets as both income and expense.

### **Note 8: Concentrations**

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.

# Queensborough Community College Fund, Inc.

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 9: 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, 2020 and 2019, 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.

### Note 10: 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 11: 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, 2020 and 2019 are:

	2020	2019
Current financial assets at year-end		
Cash and cash equivalents	\$ 254,665	\$ 227,226
Investments	4,734,053	4,671,838
Accounts receivable	12,041	2,460
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,000,759</u>	<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 years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

**Queensborough Community College Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 12: Subsequent Events**

Subsequent events have been evaluated through September 21, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, changes in net assets and cash flows of the Fund. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time