

NEW YORK CITY COLLEGE OF
TECHNOLOGY FOUNDATION, INC.
Financial Statements
June 30, 2022
(With Independent Auditors' Report Thereon)

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York City College of Technology Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New York City College of Technology Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York City College of Technology Foundation, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 23, 2022

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.
Statement of Financial Position
June 30, 2022
with comparative totals for 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Assets:		
Cash and equivalents	\$ 1,086,170	1,269,572
Contributions receivable, net	523,336	781,036
Investments, at fair value	5,400,741	5,768,708
Property and equipment	44,070	12,870
Less accumulated depreciation	(8,977)	(5,363)
Net property and equipment	35,093	7,507
Total assets	\$ 7,045,340	7,826,823
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	44,936	13,252
Due to affiliate	12,532	48,424
Promissory note - paycheck protection program	-	24,435
Total liabilities	57,468	86,111
Net assets:		
Without donor restrictions	(391,212)	(347,717)
With donor restrictions	7,379,084	8,088,429
Total net assets	6,987,872	7,740,712
Total liabilities and net assets	\$ 7,045,340	7,826,823

See accompanying notes to financial statements.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2022

with comparative totals for 2021

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Revenue:				
Contributions	\$ 40,665	302,889	343,554	1,472,337
Contributed nonfinancial assets	31,200	-	31,200	-
Investment income (loss)	500	(270,039)	(269,539)	881,975
Grant - paycheck protection program	24,435	-	24,435	21,171
Net assets released from restrictions - satisfaction of program restrictions	<u>742,195</u>	<u>(742,195)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>838,995</u>	<u>(709,345)</u>	<u>129,650</u>	<u>2,375,483</u>
Expenses:				
Program services	742,195	-	742,195	484,096
Management and general	140,295	-	140,295	163,386
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,841</u>
Total expenses	<u>882,490</u>	<u>-</u>	<u>882,490</u>	<u>655,323</u>
Change in net assets	(43,495)	(709,345)	(752,840)	1,720,160
Net assets (deficit) at beginning of year	<u>(347,717)</u>	<u>8,088,429</u>	<u>7,740,712</u>	<u>6,020,552</u>
Net assets (deficit) at end of year	<u>\$ (391,212)</u>	<u>7,379,084</u>	<u>6,987,872</u>	<u>7,740,712</u>

See accompanying notes to financial statements.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Statement of Functional Expenses

Year ended June 30, 2022

with comparative totals for 2021

	Program <u>services</u>	Management and <u>general</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Program grants	\$ 385,505	-	385,505	185,411
Scholarship support	356,690	-	356,690	297,185
Special projects	-	-	-	1,500
Salaries and related expenses	-	111,246	111,246	116,528
Professional fees	-	8,600	8,600	8,400
Accounting	-	2,643	2,643	3,851
Insurance	-	4,397	4,397	4,564
Special events	-	-	-	7,841
Office supplies and expense	-	2,813	2,813	494
Stewardship	-	1,692	1,692	391
Bad debt	-	-	-	19,900
Depreciation	-	3,614	3,614	2,574
Miscellaneous expenses	-	5,290	5,290	6,684
Total expenses	<u>\$ 742,195</u>	<u>140,295</u>	<u>882,490</u>	<u>655,323</u>

See accompanying notes to financial statements.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Statement of Cash Flows

Year ended June 30, 2022

with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash receipts from:		
Contributions	\$ 601,254	711,561
Other income	61,685	58,439
Cash payments to/for:		
Salaries and related expenses	(114,961)	(137,843)
Vendors	<u>(768,123)</u>	<u>(535,556)</u>
Net cash provided by (used in) operating activities	<u>(220,145)</u>	<u>96,601</u>
Cash flows from investing activities:		
Purchases of investments	(9,740)	(56,618)
Proceeds from sale of investments	<u>46,483</u>	<u>101,819</u>
Net cash provided by investing activities	<u>36,743</u>	<u>45,201</u>
Cash flows from financing activities - proceeds from promissory note	<u>-</u>	<u>24,435</u>
Net change in cash and equivalents	(183,402)	166,237
Cash and equivalents at beginning of year	<u>1,269,572</u>	<u>1,103,335</u>
Cash and equivalents at end of year	<u>\$ 1,086,170</u>	<u>1,269,572</u>
Supplemental schedule of noncash transactions - contributed property and equipment	<u>\$ 31,200</u>	<u>-</u>

See accompanying notes to financial statements.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements

June 30, 2022

(1) Nature of Organization

The New York City College of Technology Foundation, Inc. (the Foundation) is a nonprofit entity created for the principal purpose of disbursing scholarships and awards to eligible students of The New York City College of Technology (the College). The Foundation's revenue is derived primarily from voluntary donations from various members of society.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Foundation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation.

(c) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Investments

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

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 2 assets are those whose inputs to the valuation methodology are determined by quoted prices for similar assets in active markets. Investments held by the Foundation are classified as level 2 in the fair value hierarchy.

(g) Contributions Receivable

The Foundation recognizes all contributions received as revenue in the period the contribution is received. All contributions are considered to be available for unrestricted use unless specially restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the U.S. treasury rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met. Interest is not charged or recorded on outstanding receivables.

(h) Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is when a 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 statement of activities as net assets released from restrictions.

Contributions and other revenue collected prior to year-end, if any, relating to the subsequent year are recorded as deferred revenue.

(i) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for these good or services. The Foundation utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Foundation are as follows:

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Contracts with Customers, Continued

Special Events

Special event revenue, excluding any contribution component, consists of a single performance obligation and revenue is recognized when the event occurs. There are minimal factors that could impact the nature, amount and timing of the uncertainties involving this revenue and the related cash flows.

Special event revenue is generally nonrefundable and is due before the event occurs or at the start of the event. Special event revenue is received in advance and is deferred and recognized when the event takes place.

(j) Donated Materials

Donated materials are reported at their fair values at the date the contribution is received. During the year ended June 30, 2022, the Foundation received donated property and equipment in the amount of \$31,200. There were no donated materials during the year ended June 30, 2021.

(k) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on direct usage.

(l) Risk and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences 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 Foundation and its future results and financial position is not presently determinable.

(m) Income Taxes

The Foundation 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 Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(n) Recent Accounting Standards Issued

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gifts-in-kind donations to improve transparency on how those assets are used and valued.

(o) Subsequent Events

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

(3) Liquidity

The Foundation has \$1,609,506 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,086,170 of cash and equivalents and \$523,336 of net receivables. Certain of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(4) Concentrations

At times, the Foundation's cash and equivalents may exceed federally insured limits. At June 30, 2022 and 2021, the Foundation's cash balances were in excess of the insurable limit. The Foundation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

(5) Contributions Receivable

Contributions receivable have been discounted using a 3% discount rate at the time of the contribution. Contributions receivable were estimated to be due as follows:

	<u>2022</u>	<u>2021</u>
Gross amount due in:		
Less than one year	\$ 422,374	305,511
One to five years	<u>113,200</u>	<u>493,100</u>
	535,574	798,611
Less discount to net present value	<u>(12,238)</u>	<u>(17,575)</u>
Total	\$ <u>523,336</u>	<u>781,036</u>

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(6) Investments

The Foundation's investments in the investment pool comprises of assets which are pooled and invested by and under the control of the Committee. Pooled investments include equity and fixed income securities. Investments at June 30, 2022 and 2021 amounted to \$5,400,741 and \$5,768,708, respectively.

The following table summarizes the activity of investments during the years ended June 30, 2022 and 2021:

Balance at July 1, 2020	\$ 4,990,373
Interest and dividends	56,618
Realized gains	70,477
Unrealized gains	753,059
Withdrawals	<u>(101,819)</u>
Balance at June 30, 2021	5,768,708
Deposits	9,740
Interest and dividends	61,138
Realized gains	155,254
Unrealized losses	(486,478)
Withdrawals	<u>(107,621)</u>
Balance at June 30, 2022	\$ <u>5,400,741</u>

(7) Promissory Notes - Paycheck Protection Program

On February 26, 2021, the Foundation received a Small Business Administration (SBA) loan under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$24,435 with a 1% interest rate. On May 12, 2020, the Foundation received a SBA loan under the CARES Act in the amount of \$21,171 with a 1% interest rate.

Pursuant to the terms of the CARES Act rules and regulations, the Foundation applied for the loans to be forgiven by the SBA. The Foundation was notified by the SBA that the original loans have been forgiven in their entirety and, accordingly, have recorded loan forgiveness/grant income of \$24,435 and \$21,171 for the years ended June 30, 2022 and 2021, respectively.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Time or purpose restricted:		
Scholarship support	\$ 4,596,900	5,063,710
Program grants	1,737,672	1,885,530
Special projects	42,300	136,977
Endowment:		
Lorraine Beitler Resource Fund	208,442	208,442
Paul Kovi Scholarships in Hospitality Management	122,327	122,327
Vincent J. LaPuma Family Endowment Fund	107,298	107,298
Charles Mauro Memorial	26,759	26,759
Benjamin H. Namm Scholarship	113,796	113,796
Rosalind Solon Buchman Memorial Fund	21,754	21,754
Martin and Sharon Jaffe Scholarship Fund	100,123	100,123
Today's Challenge, Tomorrow's Solution	157,721	157,721
William Volckhausen Memorial Scholarship	<u>143,992</u>	<u>143,992</u>
	<u>\$ 7,379,084</u>	<u>8,088,429</u>

(9) Endowment

The Foundation classifies as net assets with donor restrictions: (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.

New York State modified its law governing the management and investment of charitable gifts by adopting the Uniform Prudent Management of Institutional Fund Act (the NYPMIFA). NYPMIFA moves away from the "historic dollar value" standards and permits charities to apply a spending policy to endowments based on certain specified standards of prudence.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the Foundation and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, (7) the Foundation's investment policies and (8) where appropriate, alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on the Foundation.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.

Notes to Financial Statements, Continued

(9) Endowment, Continued

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified assets allocation that places an emphasis on fixed income investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds for grant making and administration. The current spending policy is to distribute 4% of the endowment assets.

The following is a reconciliation of changes in endowment funds for the years ended June 30, 2022 and 2021:

	With donor restrictions - time or purpose	With donor restrictions - endowment	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 976,197	1,002,212	1,978,409
Investment return, net	313,202	-	313,202
Transfers of net assets	(7,110)	-	(7,110)
Amount appropriated for expenditure	<u>(7,448)</u>	<u>-</u>	<u>(7,448)</u>
Endowment net assets, June 30, 2021	1,274,841	1,002,212	2,277,053
Investment return, net	(95,783)	-	(95,783)
Amount appropriated for expenditure	<u>(27,748)</u>	<u>-</u>	<u>(27,748)</u>
Endowment net assets, June 30, 2022	\$ <u>1,151,310</u>	<u>1,002,212</u>	<u>2,153,522</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of NYPMIFA require the foundation to retain as a fund of perpetual donation. At June 30, 2022 and 2021, the Foundation had no individual endowments with deficiencies.

NEW YORK CITY COLLEGE OF TECHNOLOGY FOUNDATION, INC.
Notes to Financial Statements, Continued

(10) Related Party Transactions

The Foundation reimburses the Auxiliary Enterprise Board of New York City College of Technology, Inc. (the Auxiliary) for certain expenses. Amounts reimbursed to the Auxiliary for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Salaries and related expenses	\$ 111,246	116,528
Accounting	<u>2,643</u>	<u>3,851</u>
	<u>\$ 113,889</u>	<u>120,379</u>

Amounts due to the Auxiliary at June 30, 2022 and 2021 amounted to \$12,532 and \$48,424, respectively.