

**HUNTER COLLEGE HIGH SCHOOL
ALUMNAE/I ASSOCIATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018



LUTZ AND GARR
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hunter College High School Alumnae/i Association, Inc.

We have audited the accompanying financial statements of Hunter College High School Alumnae/i Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and 2018 and the related statements of activities, 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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Hunter College High School Alumnae/i Association, 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 discussed in Note 9 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Hunter College High School Alumnae/i Association, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to that matter.

Lotz + Carr, LLP

New York, New York
July 9, 2020

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash (Note 7a)	\$ 238,519	\$ 976,982
Unconditional promises to give (Notes 1b and 4)	-	12,976
Prepaid expenses and other current assets	7,718	17,655
Investments (Notes 1c, 1d and 5)	1,222,649	223,730
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	-	150
	<u>-</u>	<u>150</u>
Total Assets	<u>\$1,468,886</u>	<u>\$1,231,493</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 7,304</u>	<u>\$ 5,824</u>
Net Assets		
Without donor restrictions	1,408,400	1,188,069
With donor restrictions (Note 3)	<u>53,182</u>	<u>37,600</u>
Total Net Assets	<u>1,461,582</u>	<u>1,225,669</u>
Total Liabilities and Net Assets	<u>\$1,468,886</u>	<u>\$1,231,493</u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Revenues and Other Support		
Contributions (Notes 1b and 7b)	\$ 704,296	\$1,090,854
Program income	25,579	52,010
Membership dues	64,492	78,024
Investment income (Note 5)	21,113	3,110
Other income	125	-
	<u>815,605</u>	<u>1,223,998</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>8,700</u>	<u>500</u>
Total Revenues and Other Support	<u>824,305</u>	<u>1,224,498</u>
Expenses		
Program Services		
Grants	159,470	121,867
Other program expenses	217,479	172,011
Total Program Services	<u>376,949</u>	<u>293,878</u>
Supporting Services		
Management and general	136,139	114,007
Fundraising	90,886	79,978
Total Supporting Services	<u>227,025</u>	<u>193,985</u>
Total Expenses	<u>603,974</u>	<u>487,863</u>
Increase in Net Assets Without Donor Restrictions	<u>220,331</u>	<u>736,635</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1b)	24,282	29,100
Net assets released from restrictions	<u>(8,700)</u>	<u>(500)</u>
Increase in Net Assets With Donor Restrictions	<u>15,582</u>	<u>28,600</u>
Increase in net assets	235,913	765,235
Net assets, beginning of year	<u>1,225,669</u>	<u>460,434</u>
Net Assets, End of Year	<u><u>\$1,461,582</u></u>	<u><u>\$1,225,669</u></u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries, payroll taxes and fringe benefits	\$ 98,454	\$ 67,032	\$ 43,990	\$111,022	\$209,476
Program grants	159,470	-	-	-	159,470
Programs and events	20,459	-	-	-	20,459
Printing and reproduction	50,849	5,599	6,923	12,522	63,371
Consulting fees	1,116	8,609	-	8,609	9,725
Website	-	-	5,500	5,500	5,500
Accounting and bookkeeping	-	16,594	-	16,594	16,594
Travel	6,399	39	-	39	6,438
Meeting expenses	-	-	22,016	22,016	22,016
Postage and delivery	22,346	3,544	6,597	10,141	32,487
Supplies and materials	17,691	25,194	4,939	30,133	47,824
Insurance	-	2,051	-	2,051	2,051
Miscellaneous	95	7,428	890	8,318	8,413
Total expenses before depreciation	376,879	136,090	90,855	226,945	603,824
Depreciation	70	49	31	80	150
Total Expenses	<u>\$376,949</u>	<u>\$ 136,139</u>	<u>\$ 90,886</u>	<u>\$227,025</u>	<u>\$603,974</u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries, payroll taxes and fringe benefits	\$ 92,305	\$ 61,536	\$ 41,854	\$103,390	\$195,695
Program grants	121,867	-	-	-	121,867
Programs and events	15,538	-	-	-	15,538
Printing and reproduction	35,560	3,631	4,454	8,085	43,645
Consulting fees	1,102	4,819	-	4,819	5,921
Website	-	-	5,500	5,500	5,500
Accounting and bookkeeping	-	8,169	-	8,169	8,169
Travel	1,390	68	-	68	1,458
Meeting expenses	-	-	17,977	17,977	17,977
Postage and delivery	9,835	1,561	2,903	4,464	14,299
Supplies and materials	15,399	23,078	7,115	30,193	45,592
Insurance	-	1,583	-	1,583	1,583
Miscellaneous	495	9,304	-	9,304	9,799
Total expenses before depreciation	293,491	113,749	79,803	193,552	487,043
Depreciation	387	258	175	433	820
Total Expenses	<u>\$293,878</u>	<u>\$ 114,007</u>	<u>\$ 79,978</u>	<u>\$193,985</u>	<u>\$487,863</u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 235,913	\$ 765,235
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	150	820
Unrealized gain on investments	(15,947)	(2,883)
(Increase) decrease in:		
Unconditional promises to give	12,976	(12,658)
Prepaid expenses and other current assets	9,937	(15,766)
Increase (decrease):		
Grants payable	-	(37,000)
Accounts payable and accrued expenses	1,480	5,540
Net Cash Provided by Operating Activities	<u>244,509</u>	<u>703,288</u>
Cash Flows From Investing Activities		
Purchase of investments	<u>(982,972)</u>	<u>(220,847)</u>
Net increase (decrease) in cash	(738,463)	482,441
Cash, beginning of year	<u>976,982</u>	<u>494,541</u>
Cash, End of Year	<u><u>\$ 238,519</u></u>	<u><u>\$ 976,982</u></u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Hunter College High School Alumnae/i Association, Inc. (the "Association") is a not-for-profit corporation organized in the State of New York on May 12, 1997. The Association's mission is to organize alumnae and alumni in furtherance of the Hunter College High School (the "School") activities. It accomplishes this goal through the establishment of scholarships, fellowships, other student aid programs and sponsorship of various academic and cultural activities in cooperation with the school. In addition, it serves as an advocate for the school and it creates and sustains a social and professional network for Alumnae/i of the high school.

b - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Association, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Association uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

c - Investments

The Association reflects its investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the investment income is recognized.

d - Fair Value Measurements

Fair value is defined as the price that would be received in the sale of an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Association. Unobservable inputs reflect the Association's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements (continued)

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value of the Association's investments is measured using Level 1 inputs quoted prices in active markets.

e - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

f - Financial Statement Presentation

The Association is required to report 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

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that may be attributable to more than one program or supporting function. The expenses that are allocated include salaries, payroll taxes and fringe benefits, which are allocated based on an estimate of employee time and effort; and insurance, postage and delivery, supplies and materials, travel, depreciation and certain other expenses, which are allocated based on an estimate of office usage by square foot.

h - Estimates

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

i - Tax Status

Hunter College High School Alumnae/i Association, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

j - Subsequent Events

The Association has evaluated subsequent events through July 9, 2020, the date that the financial statements are considered available to be issued.

k - New Accounting Pronouncement

In 2019, the Association adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2018.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2 - Information Regarding Liquidity and Availability

The Association operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contributions, membership fees, and workshop revenue earned during the current year. The Association considers general expenditures to consist of all expenses related to its ongoing program activities and the expenses related to general and administrative activities undertaken to support those services.

The Association regularly monitors liquidity to meet its operating needs and other commitments and obligations. Management prepares regular cash flow projections to determine liquidity needs.

The Association's financial assets as of June 30, 2019 available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash	\$ 238,519
Investments	<u>1,222,649</u>
Total Financial Assets	1,461,168
Less: Net assets with donor restrictions	(53,182)
Add: Net assets with restrictions expected to be met within one year	<u>8,700</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,416,686</u>

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for scholarships and stipends.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are without donor restrictions and are due within one year. Uncollectible promises to give are expected to be insignificant.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5 - Investments

Investments at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash	\$ 1,703	\$ 1,703	\$ -	\$ -
Fixed income bond funds	223,197	240,158	220,847	223,730
US Treasury	978,919	980,788	-	-
	<u>\$1,203,819</u>	<u>\$1,222,649</u>	<u>\$220,847</u>	<u>\$223,730</u>

Investment income consists of the following for the year ended June 30:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 5,166	\$ 227
Unrealized gains	<u>15,947</u>	<u>2,883</u>
	<u>\$21,113</u>	<u>\$3,110</u>

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Computer equipment	5 years	\$ 1,920	\$ 1,920
Website	3 years	4,121	4,121
Software	3 years	<u>23,350</u>	<u>23,350</u>
		29,391	29,391
Less: Accumulated depreciation		<u>(29,391)</u>	<u>(29,241)</u>
		<u>\$ -</u>	<u>\$ 150</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$150 and \$820, respectively.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 7 - Concentrations****a - Cash**

The Association maintains its cash in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation and other agencies. The cash balances may at times exceed insured limits.

b - Contributions

In 2019 and 2018 contributions without donor restrictions include bequests totaling approximately \$370,000 and \$668,000, respectively, which comprise 53% and 61% of the total contributions without donor restrictions.

Note 8 - Donated Services and Use of Facilities

Hunter College has allocated a small office to the Association for operational use at no charge. In addition, in an effort to minimize the cost of operations, the Association is managed primarily through the services of volunteers. These services include, but are not limited to, business and financial management, event planning, and coordinating, alumnae/i tracking and updates and newsletter publishing and distribution. These financial statements do not reflect or estimate the income and expense related to the donated services and use of facilities because they do not meet the criteria needed to record their values under generally accepted accounting principles.

Note 9 - Subsequent Event

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, the Association has suspended some of its program activities at the direction of state and local governmental authorities. While management is currently evaluating the potential impact that the resulting economic uncertainties may have on the Association, it believes that its current financial assets are sufficient to support the Association's operations on an ongoing basis.