

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 (Audit) AND 2017 (Unaudited)

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

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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 statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2017 financial statements were reviewed by us, and our report thereon, dated April 27, 2018, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Lotz + Carr, LLP

New York, New York
April 18, 2019

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 (Audited) AND 2017 (Unaudited)

	<u>2018</u> <u>(Audited)</u>	<u>2017</u> <u>(Unaudited)</u>
Assets		
Cash (Note 6a)	\$ 976,982	\$ 494,541
Unconditional promises to give, unrestricted (Notes 1b and 3)	12,976	318
Prepaid expenses and other current assets	17,655	1,889
Investments (Notes 1c, 1d and 4)	223,730	-
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 5)	<u>150</u>	<u>970</u>
Total Assets	<u><u>\$1,231,493</u></u>	<u><u>\$ 497,718</u></u>
Liabilities and Net Assets		
Liabilities		
Grants payable	\$ -	\$ 37,000
Accounts payable and accrued expenses	<u>5,824</u>	<u>284</u>
Total Liabilities	<u><u>5,824</u></u>	<u><u>37,284</u></u>
Net Assets		
Unrestricted (Note 9)	1,188,069	451,434
Temporarily restricted (Note 2)	<u>37,600</u>	<u>9,000</u>
Total Net Assets	<u><u>1,225,669</u></u>	<u><u>460,434</u></u>
Total Liabilities and Net Assets	<u><u>\$1,231,493</u></u>	<u><u>\$ 497,718</u></u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 (Audited) AND 2017 (Unaudited)

	<u>2018</u> <u>(Audited)</u>	<u>2017</u> <u>(Unaudited)</u>
Changes in Unrestricted Net Assets		
Revenues and Other Support		
Contributions (Notes 1b and 6b)	\$1,090,854	\$ 452,472
Program income	52,010	36,314
Membership dues	78,024	69,999
Investment income	3,110	-
Other income	-	2,007
	<u>1,223,998</u>	<u>560,792</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>500</u>	<u>500</u>
Total Revenues and Other Support	<u>1,224,498</u>	<u>561,292</u>
Expenses		
Program Services		
Grants	121,867	121,675
Other program expenses	<u>172,011</u>	<u>167,988</u>
Total Program Services	<u>293,878</u>	<u>289,663</u>
Supporting Services		
Management and general	114,007	90,846
Fundraising	<u>79,978</u>	<u>68,691</u>
Total Supporting Services	<u>193,985</u>	<u>159,537</u>
Total Expenses	<u>487,863</u>	<u>449,200</u>
Increase in Unrestricted Net Assets	<u>736,635</u>	<u>112,092</u>
Changes in Temporarily Restricted Net Assets		
Contributions	29,100	-
Net assets released from restrictions	<u>(500)</u>	<u>(500)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>28,600</u>	<u>(500)</u>
Increase in Net Assets	<u>765,235</u>	<u>111,592</u>
Net assets, beginning of year, as originally reported	497,434	348,842
Prior period adjustment (Note 9)	<u>(37,000)</u>	<u>-</u>
Net assets, beginning of year, as restated	<u>460,434</u>	<u>348,842</u>
Net Assets, End of Year	<u><u>\$1,225,669</u></u>	<u><u>\$ 460,434</u></u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 (Audited) AND 2017 (Unaudited)

	<u>2018</u> <u>(Audited)</u>	<u>2017</u> <u>(Unaudited)</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 765,235	\$ 111,592
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	820	5,946
Unrealized gain on investments	(2,883)	-
Increase in:		
Unconditional promises to give	(12,658)	-
Prepaid expenses and other current assets	(15,766)	(275)
Increase (decrease):		
Grants payable	(37,000)	37,000
Accounts payable and accrued expenses	5,540	(225)
Net Cash Provided by Operating Activities	<u>703,288</u>	<u>154,038</u>
Cash Flows From Investing Activities		
Purchase of investments	<u>(220,847)</u>	<u>-</u>
Net increase in cash and cash equivalents	482,441	154,038
Cash, beginning of year	<u>494,541</u>	<u>340,503</u>
Cash, End of Year	<u><u>\$ 976,982</u></u>	<u><u>\$ 494,541</u></u>

See notes to financial statements.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 (Audited) AND 2017 (Unaudited)****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 received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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 unrestricted net assets 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 unrestricted net assets if the restrictions are met in the fiscal year in which the investment income is recognized.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 (Audited) AND 2017 (Unaudited)****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

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 presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 (Audited) AND 2017 (Unaudited)****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - 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.

h - Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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 net asset classes 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. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Association is currently evaluating the impact of ASU 2016-14 on its 2019 financial statements.

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 April 18, 2019, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future programs and periods.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 (Audited) AND 2017 (Unaudited)

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Note 4 - Investments

Investments at June 30, 2018 consist of fixed income bond funds with a fair value of \$223,730 and cost of \$220,847.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</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>(29,241)</u>	<u>(28,421)</u>
		<u>\$ 150</u>	<u>\$ 970</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$820 and \$5,946, respectively.

Note 6 - 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

Included in unrestricted contributions are two bequests totaling approximately \$668,000, which comprise 61% of the total.

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 (Audited) AND 2017 (Unaudited)****Note 7 - 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 8 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Note 9 - Prior Period Adjustment

The 2017 financial statements have been adjusted to reflect grants payable in the amount of \$37,000 at June 30, 2017, that had not been previously recorded.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Hunter College High School Alumnae/i Association, Inc. as of and for the year ended June 30, 2018, and our report thereon April 18, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2018 with comparative totals for 2017 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2018 information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2017 financial statements were reviewed by us, and our report thereon, dated April 27, 2018, stated we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. In addition, the comparative supplementary information for 2017, contained in the Schedule of Functional Expenses, was presented for purposes of additional analysis and was not a required part of the basic financial statements. Such information was subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should have been made to such information.

Lutz + Carr, LLP

New York, New York
April 18, 2019

HUNTER COLLEGE HIGH SCHOOL ALUMNAE/I ASSOCIATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 (Audited)
WITH COMPARATIVE TOTALS FOR 2017 (Unaudited)

	Program Services	Supporting Services			2018	2017
		Management and General	Fundraising	Total	Total Expenses (Audited)	Total Expenses (Unaudited)
Salaries, payroll taxes and fringe benefits	\$ 92,305	\$ 61,536	\$ 41,854	\$103,390	\$195,695	\$ 165,935
Program grants	121,867	-	-	-	121,867	121,675
Programs and events	15,538	-	-	-	15,538	29,179
Printing and reproduction	35,560	3,631	4,454	8,085	43,645	46,629
Consulting fees	1,102	4,819	-	4,819	5,921	2,247
Website	-	-	5,500	5,500	5,500	5,500
Accounting and bookkeeping	-	8,169	-	8,169	8,169	9,108
Travel	1,390	68	-	68	1,458	1,578
Meeting expenses	-	-	17,977	17,977	17,977	-
Postage and delivery	9,835	1,561	2,903	4,464	14,299	12,142
Supplies and materials	15,399	23,078	7,115	30,193	45,592	37,545
Insurance	-	1,583	-	1,583	1,583	2,501
Miscellaneous	495	9,304	-	9,304	9,799	9,215
Total expenses before depreciation	293,491	113,749	79,803	193,552	487,043	443,254
Depreciation	387	258	175	433	820	5,946
Total Expenses, 2018	<u>\$293,878</u>	<u>\$ 114,007</u>	<u>\$ 79,978</u>	<u>\$193,985</u>	<u>\$487,863</u>	
Total Expenses, 2017	<u>\$289,663</u>	<u>\$ 90,846</u>	<u>\$ 68,691</u>	<u>\$159,537</u>		<u>\$ 449,200</u>

See independent auditors' report on supplementary information.