

FACULTY STUDENT ASSOCIATION
OF DOWNSTATE MEDICAL CENTER, INC.

Financial Statements and
Supplementary Information

May 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Faculty Student Association of Downstate
Medical Center, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Faculty Student Association of Downstate Medical Center, Inc. (the Association), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years 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 Faculty Student Association of Downstate Medical Center, Inc. as of May 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits 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 Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 audits.
- 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 audits 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 Association'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 Association'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 audits.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Schedules 1 through 4 and Schedules A through F are presented for purposes of additional analysis of the financial statements, and are 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Williamsville, New York
, 2024

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.
 Statements of Financial Position
 May 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 586,588	299,838
Receivables	131,167	225,628
Due from SUNY DHSU	52,178	268,904
Prepaid expenses	9,394	8,620
Inventories	3,357	44,882
Investments	334,376	333,350
Assets held for others (student activity funds)	365,078	373,585
Assets held for others (trust and agency)	799,979	673,432
Security deposits	22,632	22,264
Furniture and equipment, net	41,669	102,263
Total assets	<u>\$ 2,346,418</u>	<u>2,352,766</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	264,825	348,537
Due to Health Science Center of Brooklyn Foundation, Inc.	430,839	273,906
Security deposits payable	22,632	22,264
Assets held for others (trust and agency)	799,979	673,432
Total liabilities	<u>1,518,275</u>	<u>1,318,139</u>
Net assets:		
Net assets without donor restrictions:		
Designated	711,187	783,023
Undesignated	(197,515)	(62,867)
Total net assets without donor restrictions	<u>513,672</u>	<u>720,156</u>
Net assets with donor restrictions:		
Purpose/time restricted	182,548	182,548
Perpetual in nature	131,923	131,923
Total net assets with donor restrictions	<u>314,471</u>	<u>314,471</u>
Total net assets	<u>828,143</u>	<u>1,034,627</u>
Total liabilities and net assets	<u>\$ 2,346,418</u>	<u>2,352,766</u>

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSSTATE MEDICAL CENTER, INC.

Statement of Activities

Year ended May 31, 2024

with comparative totals for 2023

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
Support and revenue:				
Program revenue:				
Business office	\$ 25,920	-	25,920	89,694
Food service	22,002	-	22,002	29,337
University bookstore, net of cost of sales of \$115,855 in 2024 and \$106,586 in 2023	(8,511)	-	(8,511)	50,001
Vending machines	66,325	-	66,325	49,556
Laundry operations	25,080	-	25,080	25,080
Parking revenue	2,649,888	-	2,649,888	2,589,743
Miscellaneous subcontracted operations	10,000	-	10,000	10,000
Student Activity Funds (SAF)	<u>645,336</u>	<u>-</u>	<u>645,336</u>	<u>587,476</u>
Total program revenue	<u>3,436,040</u>	<u>-</u>	<u>3,436,040</u>	<u>3,430,887</u>
Expenses:				
Program services	3,421,983	-	3,421,983	3,411,744
Management and general	<u>220,541</u>	<u>-</u>	<u>220,541</u>	<u>241,539</u>
Total expenses	<u>3,642,524</u>	<u>-</u>	<u>3,642,524</u>	<u>3,653,283</u>
Change in net assets	(206,484)	-	(206,484)	(222,396)
Net assets at beginning of year	<u>720,156</u>	<u>314,471</u>	<u>1,034,627</u>	<u>1,257,023</u>
Net assets at end of year	<u>\$ 513,672</u>	<u>314,471</u>	<u>828,143</u>	<u>1,034,627</u>

(Continued)

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Statement of Activities
Year ended May 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue:			
Program revenue:			
Business office	\$ 89,694	-	89,694
Food service	29,337	-	29,337
University bookstore, net of cost of sales of \$106,586	50,001	-	50,001
Vending machines	49,556	-	49,556
Laundry operations	25,080	-	25,080
Parking revenue	2,589,743	-	2,589,743
Miscellaneous subcontracted operations	10,000	-	10,000
Student Activity Funds (SAF)	<u>587,476</u>	<u>-</u>	<u>587,476</u>
Total program revenue	<u>3,430,887</u>	<u>-</u>	<u>3,430,887</u>
Expenses:			
Program services	3,411,744	-	3,411,744
Management and general	<u>241,539</u>	<u>-</u>	<u>241,539</u>
Total expenses	<u>3,653,283</u>	<u>-</u>	<u>3,653,283</u>
Change in net assets	(222,396)	-	(222,396)
Net assets at beginning of year	<u>942,552</u>	<u>314,471</u>	<u>1,257,023</u>
Net assets at end of year	<u>\$ 720,156</u>	<u>314,471</u>	<u>1,034,627</u>

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.
Statement of Functional Expenses
Year ended May 31, 2024

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Personnel costs:			
Salaries	\$ 26,493	41,337	67,830
Payroll taxes and employee benefits	16,044	21,579	37,623
Total personnel costs	42,537	62,916	105,453
Other than personnel costs:			
Program and projects	469,081	-	469,081
Student organizations	165,329	-	165,329
Consultant	-	104,861	104,861
Audit fee	-	21,700	21,700
Insurance	-	15,577	15,577
Parking expenses	2,710,424	-	2,710,424
Bank fees	7,653	2,863	10,516
Office expense	687	12,189	12,876
Travel and conferences	-	378	378
Administration fee	8,408	-	8,408
Service improvements	4,488	-	4,488
Equipment	2,092	-	2,092
Office supplies	1,204	-	1,204
Laundry expense	10,080	-	10,080
Depreciation expense	-	57	57
Total expenses	<u>\$ 3,421,983</u>	<u>220,541</u>	<u>3,642,524</u>

(Continued)

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSSTATE MEDICAL CENTER, INC.
Statement of Functional Expenses
Year ended May 31, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Personnel costs:			
Salaries	\$ 36,127	44,172	80,299
Payroll taxes and employee benefits	18,735	19,543	38,278
Total personnel costs	54,862	63,715	118,577
Other than personnel costs:			
Program and projects	414,199	-	414,199
Student organizations	161,441	-	161,441
Consultant	-	105,987	105,987
Legal fees	-	4,500	4,500
Audit fee	-	10,200	10,200
Insurance	-	16,984	16,984
Parking expenses	2,677,509	-	2,677,509
Bank fees	4,689	20,645	25,334
Office expense	5,101	14,842	19,943
Travel and conferences	-	433	433
Administration fee	7,964	-	7,964
Service improvements	70,768	-	70,768
Equipment	3,226	-	3,226
Computer expense	1,539	-	1,539
Office supplies	366	-	366
Laundry expense	10,080	-	10,080
Bad debt	-	4,177	4,177
Depreciation expense	-	56	56
Total expenses	<u>\$ 3,411,744</u>	<u>241,539</u>	<u>3,653,283</u>

(Continued)

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Statements of Cash Flows

Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (206,484)	(222,396)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	90,494	87,822
Changes in:		
Receivables	94,461	(84,454)
Due from SUNY DHSU	216,726	(91,450)
Prepaid expenses	(774)	(8,170)
Inventories	41,525	(4,396)
Assets held for others (student activity funds)	8,507	70,487
Accounts payable and accrued expenses	(83,712)	153,464
Due to Health Science Center of Brooklyn Foundation, Inc.	156,933	(76,521)
Net cash provided by (used in) operating activities	<u>317,676</u>	<u>(175,614)</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(29,900)	-
Investment activity, net	(1,026)	56,058
Net cash provided by (used in) investing activities	<u>(30,926)</u>	<u>56,058</u>
Change in cash and cash equivalents	286,750	(119,556)
Cash and cash equivalents at beginning of year	<u>299,838</u>	<u>419,394</u>
Cash and cash equivalents at end of year	<u>\$ 586,588</u>	<u>299,838</u>

See accompanying notes to financial statements.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Notes to Financial Statements

May 31, 2024 and 2023

(1) Organization

The Faculty Student Association of Downstate Medical Center, Inc. (the Association) is a non-profit corporation organized for the purposes of providing auxiliary services for the benefit of the campus community, under a contract with the State University of New York (SUNY).

The Association is supported primarily by administrative fees and program revenue of various operations including parking, university bookstore, vending machines, and other directly operated or subcontracted auxiliary service operations.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

(b) Basis of Presentation

The Association 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. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Association's governing board.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

(c) 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 Cash Equivalents

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

(e) Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentration of credit risk consist principally of cash accounts in financial institutions. The Association maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At May 31, 2024 and 2023, the Association had \$2,133,528 and \$854,391, respectively, in excess of the federally insured limits.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Receivables

The Association's receivables are primarily derived from expense reimbursements and parking subsidies. At each statement of financial position date, the Association recognizes an expected allowance for bad debts. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of Association's historical losses based on an aging of receivables. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that no allowance for bad debts is required.

The Association writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. There were no write-offs for the years ended May 31, 2024 and 2023.

(g) Inventories

Inventories of bookstore items are stated at the lower cost or net realizable value. Cost is determined by the average cost method.

(h) Fair Value of Financial Instruments

The Association follows U.S. GAAP guidance on fair value measurements which defines fair value measurements and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

(i) Investments

Investments in all equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the statements of financial position. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Capitalization and Depreciation

Furniture and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of equipment are recorded as net assets without donor restrictions. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which generally range from 3 to 10 years, using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Upon disposal of depreciable furniture and equipment, the appropriate furniture and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the accompanying statements of activities.

(k) Revenue Recognition

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 Association expects to be entitled in exchange for these goods or services. The Association utilizes a five-step framework as identified in ASU No. 2014-09.

Revenue, comprised principally of sales, commissions and fees, is recognized upon sale or as earned.

Receivables from contracts with customers is as follows at May 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Receivables	\$ <u>131,167</u>	<u>225,628</u>	<u>126,354</u>

(l) Assets Held for Others

Student Activity Funds

The Association maintains Student Activity Funds of all campus Student Councils that are recognized as revenues and expenses of the Association, unlike the Trust and Agency Funds noted below. At May 31, 2024 and 2023, these student activity funds totaling \$365,078 and \$373,585, respectively, are held in cash accounts.

Trust and Agency Funds

The Association also maintains funds that are not funds of the State of New York or SUNY, for organizations which have a relationship with SUNY in a custodial or fiscal agent capacity for the benefit of appropriately recognized organizations and activities of individual students, faculty or staff members, for which the Association has a fiduciary responsibility to ensure the funds are maintained and used in accordance with the approved account purpose. Activities of the Trust and Agency Funds are recognized as an asset and offsetting liability on the Association's accompanying statements of financial position. At May 31, 2024 and 2023, these funds totaling \$799,979 and \$673,432, respectively, are held in cash accounts and certificates of deposit. Certificates of deposit are valued at cost plus accrued interest which approximates fair value.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Contributed Nonfinancial Assets

Contributed services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Association.

(n) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Association. 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.

(o) Subsequent Events

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

(p) Income Taxes

The Association is exempt from 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 Association has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Association 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 Association has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Association are subject to examination by taxing authorities.

(q) Reclassifications

Reclassifications have been made to certain 2023 account balances in order to conform to 2024 presentation.

(r) New Accounting Policies

At the beginning of 2023, the Association adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, and requires Associations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Association adopted this new standard utilizing the modified retrospective transition method. The adoption of this Standards did not have a material impact on the Associations financial instruments.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Notes to Financial Statements, Continued

(3) Liquidity

The Association has \$769,933 of financial assets available within one year of the statement of financial position date consisting of \$586,588 of cash and cash equivalents and \$183,345 of receivables (including amounts due from SUNY DHSU). None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

(4) Investments

The following are investments measured at fair value (Level 2) at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Certificates of deposit	\$ <u>334,376</u>	<u>333,350</u>

(5) Furniture and Equipment

A summary of furniture and equipment at May 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Furniture	\$ 54,550	54,550
Equipment	87,560	87,560
Garage net valet equipment	291,528	291,528
Other parking	<u>177,200</u>	<u>147,300</u>
	610,838	580,938
Less accumulated depreciation	<u>(569,169)</u>	<u>(478,675)</u>
Total furniture and equipment	\$ <u>41,669</u>	<u>102,263</u>

Depreciation expense for the years ended May 31, 2024 and 2023 amounted to \$90,494 and \$87,822, respectively.

(6) Related Party Transactions

Related party transactions as of and for the years ended May 31, 2024 and 2023 are as follows:

(a) Health Science Center of Brooklyn Foundation

The Association reimburses The Health Science Center of Brooklyn Foundation, Inc. (HSCBF) for certain parking related expenses. Amounts billed by HSCBF for the years ended May 31, 2024 and 2023 totaled \$733,554 and \$511,779, respectively. Amounts due to HSCBF at May 31, 2024 and 2023 amounted to \$430,839 and \$273,906, respectively. Additionally, HSCBF reimburses the Association for certain salaries and related expenses. Amounts paid to the Association amounted to \$261,104 and \$584,333 for the years ended May 31, 2024 and 2023, respectively. These amounts are netted against expenses in the accompanying statements of activities.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

(b) SUNY Downstate Health Science University

The Association receives a monthly subsidy from SUNY Downstate Health Science University (DHSU) amounting to the excess of parking related expenses over parking related revenue. During the years ended May 31, 2024 and 2023, the Association received subsidies totaling \$835,064 and \$829,750, respectively. Amount due from SUNY DHSU at May 31, 2024 and 2023 amounted to \$52,178 and \$268,904, respectively.

(7) Net Assets Without Donor Restrictions

The Board of Directors has designated net assets without donor restrictions for the following purposes at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Designated for capital assets	\$ 41,669	102,263
Designated for operating reserves	304,440	307,175
Board designated for student activity funds	<u>365,078</u>	<u>373,585</u>
Total	\$ <u>711,187</u>	<u>783,023</u>

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions for the following purposes at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Department support	\$ 156,499	156,499
Student research	78,740	78,740
Lectures	64,352	64,352
Library support	<u>14,880</u>	<u>14,880</u>
Total	\$ <u>314,471</u>	<u>314,471</u>

(9) Functional Expenses

The Association provides auxiliary services for the benefit of the campus. All expenses related to providing these services have been allocated to program services with the exception of certain administrative expenses. Salaries and benefits are allocated among programs and support services based on time and effort. Office and other expenses are allocated based on direct usage.

(10) Retirement Benefits

The Association's has a contributory defined contribution pension plan for all full-time employees and part time employees who work 18.75 hours or more per week. Employer contributions are based on 9% of gross salary up to \$26,000 and 12% thereafter. Pension expense was \$7,083 and \$9,136 for the years ended May 31, 2024 and 2023, respectively.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.
Notes to Financial Statements, Continued

(11) Endowment Net Assets

The Association's endowment includes donor restricted funds to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Association classifies as net assets with donor restrictions (a) the original value of gifts donated to permanent endowments, (b) the original value of any subsequent gifts to permanent endowments, and (c) accumulations to the permanently restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Effective in September 2010, New York State modified its law governing the management and investment of charitable gifts by adopting 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.

In accordance with NYPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

1. The duration and preservation of the fund.
2. The purposes of the donor-restricted endowment fund.
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 Association.
7. Alternatives to expenditure of the endowment fund.
8. The investment policies of the Association.

Investment Return Objectives, Risk Parameters and Strategies - The Association 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 funds while also maintaining the purchasing power of those endowment assets over the long-term.

Spending Policy - The Board of Directors of the Association will determine from time to time the amount available for expenditure from the donor-restricted endowment funds.

Endowment net assets at May 31, 2024 and 2023 amounted to \$131,923.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.
 Schedule of Revenue and Expenses
 Year ended May 31, 2024
 with comparative totals for 2023

	Business office	Food service	University bookstore	Vending machines	Laundry operations	Student health insurance	Parking	Student activity fund	Total	
									2024	2023
Revenue:										
Sales	\$ -	-	106,979	-	-	-	-	-	106,979	155,785
Cost of goods sold	-	-	(115,855)	-	-	-	-	-	(115,855)	(106,586)
Commissions	3,044	22,002	-	66,325	25,080	10,000	-	-	126,451	117,327
Service fees - trust and agency accounts	5,721	-	-	-	-	-	-	-	5,721	5,766
Service fees - student activity fund accounts	8,408	-	-	-	-	-	-	-	8,408	7,964
Student activity funds revenue	-	-	-	-	-	-	-	645,336	645,336	587,476
Miscellaneous	4,747	-	365	-	-	-	-	-	5,112	2,711
Subsidy from HSCBF	-	-	-	-	-	-	-	-	-	39,260
Net salary recovery	2,097	-	-	-	-	-	-	-	2,097	25,681
Other income	1,903	-	-	-	-	-	-	-	1,903	5,760
Parking revenue	-	-	-	-	-	-	2,649,888	-	2,649,888	2,589,743
Total revenue	25,920	22,002	(8,511)	66,325	25,080	10,000	2,649,888	645,336	3,436,040	3,430,887
Expenses:										
Direct expenses:										
Salaries, payroll taxes and employee benefits	62,916	-	42,537	-	-	-	-	-	105,453	118,576
Supplies	12,189	-	-	-	-	-	-	-	12,189	14,842
Insurance	15,577	-	-	-	-	-	-	-	15,577	16,984
Bank fees	2,863	-	4,412	-	-	-	-	-	7,275	25,334
Parking expenses	-	-	-	-	-	-	2,710,424	-	2,710,424	2,677,509
Other	126,996	-	687	-	10,080	-	-	653,843	791,606	800,038
Total direct expenses	220,541	-	47,636	-	10,080	-	2,710,424	653,843	3,642,524	3,653,283
Allocation of administrative expenses	(113,327)	22,002	-	66,325	15,000	10,000	-	-	-	-
Total expenses	107,214	22,002	47,636	66,325	25,080	10,000	2,710,424	653,843	3,642,524	3,653,283
Change in net assets without donor restrictions	\$ (81,294)	-	(56,147)	-	-	-	(60,536)	(8,507)	(206,484)	(222,396)

Note:

The change in net assets without donor restrictions relating to parking in the amount of \$(60,536) represents funding for capitalized parking equipment of \$29,900 and current year depreciation of \$90,436 related to capitalized parking assets.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Schedule of General and Administrative Expenses

Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Salaries, payroll taxes and employee benefits	\$ 62,916	63,715
Office supplies and expenses	12,189	14,842
Insurance	15,577	16,984
Professional fees	126,561	120,687
Travel and conferences	378	432
Bank fees	2,863	20,645
Bad debt	-	4,177
Depreciation	57	57
Total expenses	<u>\$ 220,541</u>	<u>241,539</u>

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Schedule of Net Assets Without Restrictions

May 31, 2024 and 2023

	Year ended May 31, 2024			
	Balance May 31, 2023	Excess of support and revenue over expenses	Transfers	Balance May 31, 2024
Undesignated	\$ (62,867)	-	(134,648)	(197,515)
Designated:				
Capital assets	102,263	-	(60,594)	41,669
Working capital	307,175	-	(2,735)	304,440
Student activity funds	373,585	-	(8,507)	365,078
Total designated	783,023	-	(71,836)	711,187
Total net assets without restrictions	\$ 720,156	-	(206,484)	513,672
	Year ended May 31, 2023			
	Balance May 31, 2022	Excess of support and revenue over expenses	Transfers	Balance May 31, 2023
Undesignated	\$ 141,797	-	(204,664)	(62,867)
Designated:				
Capital assets	93,809	-	8,454	102,263
Working capital	262,874	-	44,301	307,175
Student activity funds	444,072	-	(70,487)	373,585
Total designated	800,755	-	(17,732)	783,023
Total net assets without restrictions	\$ 942,552	-	(222,396)	720,156

SUNY Appropriated Equity Guidelines

1. Net fixed assets should be at 100% of actual equal to the original cost of corporation-owned equipment, less accumulated depreciation and any related notes payable.
2. Unappropriated funds are to be used to establish working capital equal to two to three times current liabilities, exclusive of funds held in trust.

FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

Schedule of Student Activities Fund

Years ended May 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 365,078	373,585
	<u>365,078</u>	<u>373,585</u>
<u>Net Assets</u>		
Net assets without donor restriction	<u>365,078</u>	<u>373,585</u>
Revenue:		
Student activity fees	316,524	312,680
Special events	117,075	89,727
Contributions and donations	<u>211,737</u>	<u>185,069</u>
Total revenue	<u>645,336</u>	<u>587,476</u>
Expenses:		
Management and general	8,408	7,964
Service improvements	4,488	70,768
Equipment	2,092	3,226
Bank fees	3,241	-
Office supplies	1,204	366
Program and projects	469,081	413,817
Student organizations	<u>165,329</u>	<u>161,822</u>
Total expenses	<u>653,843</u>	<u>657,963</u>
Change in net assets without donor restrictions	(8,507)	(70,487)
Net assets without donor restrictions at beginning of year	<u>373,585</u>	<u>444,072</u>
Net assets without donor restrictions at end of year	<u>\$ 365,078</u>	<u>373,585</u>

See accompanying notes to financial statements.

STATE UNIVERSITY OF NEW YORK
Auxiliary Services Corporation
Schedule A - Revenues and Expenses by Service Area
For the Year Ending May 31, 2024

	<u>Food Service</u>	<u>Campus Store</u>	<u>Vending</u>	<u>Other Auxiliary Services</u>	<u>Management & General *</u>	<u>Other **</u>	<u>Total</u>
Revenues							
Gross service revenue	22,002	106,979	66,325	3,330,304	21,173		3,546,783
Investment income, net				0			-
Other revenue		365		0	4,747		5,112
Total revenue	\$ 22,002	107,344	66,325	3,330,304	25,920	-	3,551,895
Expenses							
Salaries and wages		42,537			62,916		105,453
Employee benefits							-
Cost of goods sold		115,855					115,855
Supplies and materials					12,189		12,189
Uniforms							-
Printing and postage							-
Advertising							-
Travel and conferences							-
Rent and equipment							-
Repairs, maintenance and improvements							-
Insurance					15,577		15,577
Utilities							-
Professional and service fees							-
Contractual services							-
Investment expenses							-
Depreciation expense							-
Interest expense							-
Program activities and special events							-
Other expenses	22,002	5,099	66,325	3,399,347	16,532		3,509,305
Expenses	\$ 22,002	163,491	66,325	3,399,347	107,214	-	3,758,379
Income / (loss)	\$ -	(56,147)	-	(69,043)	(81,294)	-	(206,484)
Campus support - scholarships and fellowships							
Campus support - other							
Total expenses							3,758,379
Change in net assets							(206,484)

Notes:

* Management & General category (column) includes activities that are not identifiable with a single program or service. Examples include budgeting, business management and accounting services. Management & General expenses directly related to a program service should be reported under that program column on the appropriate natural classification line (e.g., salaries and wages).

** Other category (column) includes investment income, investment gains (net of losses), as well as other revenue and expenses (e.g., unallocated management & general expenses and OPEB cost) not attributable to an auxiliary activity or management and general services. In this regard, all investment income, investment gains (net of losses) should be reported in this column only.

**STATE UNIVERSITY OF NEW YORK
Other Auxiliary Services Revenues and Expenses
Schedule B Summary
For the Year Ending May 31, 2024**

	Other Activity (#1)	Other Activity (#2)	Other Activity (#3)	Other Activity (#4)	Other Activity (#5)	Other Activity (#6)	Other Activity (#7-13)	Other Total
Revenues								
Gross service revenue			25,080	10,000	645,336	2,649,888	0	3,330,304
Investment income, net							0	0
Other revenue							0	0
Total revenue	\$ -	\$ -	\$ 25,080	\$ 10,000	\$ 645,336	\$ 2,649,888	\$ -	\$ 3,330,304
Expenses								
Salaries and wages							0	0
Employee benefits							0	0
Cost of goods sold							0	0
Supplies and materials							0	0
Uniforms							0	0
Printing and postage							0	0
Advertising							0	0
Travel and conferences							0	0
Rent and equipment							0	0
Repairs, maintenance and improvements							0	0
Insurance							0	0
Utilities							0	0
Professional and service fees							0	0
Contractual services							0	0
Investment expenses							0	0
Depreciation expense							0	0
Interest expense							0	0
Program activities and special events							0	0
Other expenses			25,080	10,000	653,843	2,710,424	0	3,399,347
Total expenses	\$ -	\$ -	\$ 25,080	\$ 10,000	\$ 653,843	\$ 2,710,424	\$ -	\$ 3,399,347
Income / (loss)	\$ -	\$ -	\$ -	\$ -	\$ (8,507)	\$ (60,536)	\$ -	\$ (69,043)

Description of Activity:

<u>Activity #1</u>	<u>Gift Shop</u>
<u>Activity #2</u>	<u>ATM Services</u>
<u>Activity #3</u>	<u>Laundry Operations</u>
<u>Activity #4</u>	<u>Student Health Insurance</u>
<u>Activity #5</u>	<u>Student Activity Funds</u>
<u>Activity #6</u>	<u>Parking</u>

**STATE UNIVERSITY OF NEW YORK
Auxiliary Services Corporations
Schedule C - Footnote Disclosure Information
For the Years Ending May 31, 2024 and 2023**

Schedule 1 - Investments at Fair Value:

	<u>2024</u>	<u>2023</u>
Cash and money market funds	\$ 334,376	333,350
Fixed income securities		
U.S government obligations		
Corporate bonds		
Mutual funds- non-equities		
Other non-equities		
Domestic equities		
International equities		
Multi-strategy funds		
Other investments		
Total investments	\$ 334,376	333,350

Schedule 2 - Capital Assets:

	<u>2024</u>	<u>2023</u>
Land	\$	
Land improvements		
Buildings		
Leasehold Improvements		
Equipment	610,838	580,938
Other (describe)		
Construction in progress		
Total capital assets	610,838	580,938
Less: accumulated depreciation:	569,169	478,675
Capital assets, net	\$ 41,669	102,263

Schedule 3 - Long-term debt:

Requirements of the long-term debt obligations are as follows:

	<u>Principal</u>
2023	\$
2024	
2025	
2026	
2027	
Thereafter	
Total	\$ -

STATE UNIVERSITY OF NEW YORK
Schedule E - Corporate Fiscal Stability Determination
For the Year Ending May 31, 2024

1. Net assets without donor restrictions, designated for capital assets- net of related debt

Capital assets - original cost	610,838
Accumulated depreciation	569,169
Cash (debt reserves or bond project funds)	
Capitalized deferred bond costs	
Total capital and related assets	41,669
Related debt	
Designated for capital assets - net of related debt	41,669

2. Net assets without donor restrictions, designated for operating reserves

Previous year's total operating expenses	3,653,283
Divided by twelve (represents one month)	÷ 12
Designated for operating reserves	304,440

3. Net assets without donor restrictions, Board designated

Board designated for:	
Capital improvements/renovations	
Equipment replacement	
Campus programs	365,078
Other (list separately if greater than 50% of total)	
General operations and other	
Total Board Designated	365,078

Summary of Net Asset Designations

Total designated net assets required (sum of 1, 2, and 3 above)	711,187
Total net assets without donor restrictions (per Statement of Financial Position)	513,672
Net assets without donor restrictions, undesignated	(197,515)

**STATE UNIVERSITY OF NEW YORK
Schedule F - Agency Account Activity
For the Year Ending May 31, 2024**

Account Name	Beginning Balance	Receipts	Disbursements	Ending Balance
Children's Ctr. Operating Acct	\$ 373,645	1,032,187	901,633	\$ 504,199
Faculty Attire - Special Events	7,890	11,407	9,838	9,459
Morris Glass Award	3,305	-	300	3,005
Nephrology Conference	561	-	50	511
Pediatric	2,246	222	1,751	717
*Dentistry	1,449	-	50	1,399
Nephrology	6,076	-	2,659	3,417
Urology Macchia	6,668	23,200	13,509	16,359
AG Allen	250	-	-	250
Geriatric Psychiatric Special	36,023	-	11,607	24,416
GME Accreditation Council	8,315	-	50	8,265
Various Party Funds	1,477	3,440	3,190	1,727
Infant & Child Learning Center	12,427	-	50	12,377
Department of Pharmacy	5,778	8,821	9,559	5,040
*Tenth Anniversary Party	4,283	-	50	4,233
College of Nursing Alumni Assn	913	231	50	1,094
Children's Parents In Act.	2,658	84	50	2,692
Humanities in Medicine	9,664	-	50	9,614
STAR Program	26,765	8,250	440	34,575
NYC MD/PHD Student Forum	560	-	50	510
*Medicine/Pager Program	54	-	50	4
Children's Medical Center	1,400	-	50	1,350
ICLC Eleanor Chesley	11,277	-	50	11,227
CHRP Alumni Association	2,669	-	50	2,619
HEAT Program	7,418	-	1,350	6,068
AOA Honor Medical Society	22,716	3,710	9,889	16,537
Nurses Residence 440 Lenox Rd	33,988	-	625	33,363
Graduate School Discretionary	29,064	30,113	26,764	32,413
Physician Outreach Conference	10,783	-	50	10,733
Henri Begleiter Memorial Fund	957	20	50	927
The Robert Furchgott Center	272	-	50	222
Neurology	1,663	-	50	1,613
Nurse Anesthesia	231	-	231	-
OB/GYN Review Course	5,274	-	40	5,234
Off Campus Housing Service	13,617	1,055	68	14,604
Honor Society College/Nursing	21,094	4,002	5,890	19,206
*UHB Cancer Support Group	2	-	2	-
Total agency accounts	\$ 673,432	1,126,742	1,000,195	\$ 799,979

* Recommended for closure as management has exhausted all efforts to find successors.

, 2024

CONFIDENTIAL

The Board of Directors
Faculty Student Association of Downstate
Medical Center, Inc.

Dear Board Members:

We have completed our audit of the financial statements of Faculty Student Association of Downstate Medical Center, Inc. (the Association) for the year ended May 31, 2024. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Association.

Net Assets with Donor Restrictions

During our audit, we noted that the Association has certain donor restricted contributions received in the past totaling \$182,548. Management was unable to provide support for the details of this balance including the purpose and/or time restrictions associated with these amounts. We recommend management research these balances in order to track related expenditures and to assure they have not met the requirements to be released from restrictions.

Fixed Asset Inventory

During our review of the Association's fixed assets, we noted several items that appear to be outdated and possibly could have been disposed of at this point. To provide accountability over equipment owned and assure reliability of records maintained, we recommend that a physical inventory be taken. The inventory of equipment should be compared to the fixed asset ledger and appropriate disposition made of account balances representing any lost or abandoned equipment.

Previous Recommendations

We reviewed the disposition of recommendations included in our letter dated October 20, 2023. Where necessary, prior year comments were included in current year recommendations. The following is a summary of action taken by the Association with regard to our recommendation.

Outstanding Checks - In 2023, we noted outstanding checks that were over one year old. We recommended that the Association dispose of these checks in accordance with New York State Office of the State Comptroller's policy. In 2024, we noted no outstanding checks that were over one year old.

* * * * *

We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by Faculty Student Association of Downstate Medical Center, Inc. personnel during our audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

EFPR GROUP, CPAs, PLLC

REPORT TO THE BOARD

, 2024

The Board of Directors
Faculty Student Association of Downstate
Medical Center, Inc.

Dear Board Members:

We have audited the financial statements of Faculty Student Association of Downstate Medical Center, Inc. (the Association) for the year ended May 31, 2024, and have issued our report thereon dated , 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in note 2 to the financial statements. For the year ended May 31, 2024, the Association adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires the Association to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Association adopted this new standard utilizing the modified retrospective transition method. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended May 31, 2024, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit. Management and accounting personnel were very helpful in assisting us during our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of Faculty Student Association of Downstate Medical Center, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR GROUP, CPAs, PLLC