

Nurses Educational Funds, Inc.

Financial Statements

**As of and for the Year Ended
August 31, 2022**

Index

<u>Title</u>	<u>Page No.</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 11

Independent Accountant's Review Report

To the Board of Directors of
Nurses Educational Funds, Inc.
Brooklyn, New York

We have reviewed the accompanying financial statements of Nurses Educational Funds, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Nurses Educational Funds, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Torrillo & Associates, LLC

February 4, 2023

Nurses Educational Funds, Inc.
Statement of Financial Position
As of August 31, 2022 (See Independent Accountant's Review Report)

	<u>2022</u>
Assets:	
Current	
Cash and cash equivalents	\$ 419,299
Investments	3,435,957
Prepaid expenses	<u>6,003</u>
Total current assets	3,861,259
Intangible assets – website development costs, net	<u>9,375</u>
Total assets	<u>3,870,634</u>
 Liabilities:	
Current	
Accounts payable	<u>17,937</u>
Total current liabilities and total liabilities	17,937
 Net assets:	
Without donor restrictions, undesignated	3,788,240
With donor restrictions	<u>64,457</u>
Total net assets	3,852,697
	<hr/>
Total liabilities and net assets	<u><u>\$ 3,870,634</u></u>

The accompanying notes are an integral part of these financial statements.

Nurses Educational Funds, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2022
(See Independent Accountant's Review Report)

	<u>2022</u>
Changes in net assets without donor restrictions	
Revenues and gains	
Public support-contributions	\$ 206,203
Special events, net of direct expenses	19,621
Dividend income	85,919
Interest income	1,344
Realized gain on securities, net	84,640
Change in unrealized gain (loss) on securities	(356,569)
Investment fees	(583)
Investment return, net	<u>(185,249)</u>
Total revenues and gains without donor restrictions	<u>40,575</u>
Net assets released from donor restrictions	<u>7,000</u>
Total revenues, gains and other support without donor restrictions	47,575
Expenses	
Program services	
Scholarship program	261,477
Total program services	<u>261,477</u>
Supporting services	
Management and general	58,032
Fundraising	32,536
Total supporting services	<u>90,568</u>
Total expenses	<u>352,045</u>
Total change in net assets without donor restrictions	<u>(304,470)</u>
Changes in net assets with donor restrictions	
Investment return, net	233
Net assets released from donor restrictions	<u>(7,000)</u>
Total change in net assets with donor restrictions	<u>(6,767)</u>
Total change in net assets	(311,237)
Net assets	
Beginning of year	<u>4,163,934</u>
End of year	<u>\$ 3,852,697</u>

The accompanying notes are an integral part of these financial statements.

Nurses Educational Funds, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2022
(See Independent Accountant's Review Report)

	Program Services Scholarships	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Program scholarships	\$ 200,000	\$ 200,000	\$ -	\$ -	-	\$ 200,000
Salaries and wages	56,800	56,800	6,885	22,376	29,261	86,061
Accounting fees	-	-	23,543	-	23,543	23,543
Printing and mailing	-	-	483	-	483	483
Payroll taxes	4,677	4,677	567	1,843	2,410	7,087
Office expense	-	-	2,026	-	2,026	2,026
Website & internet	-	-	13,260	5,337	18,597	18,597
Insurance	-	-	2,103	-	2,103	2,103
Postage & deliveries	-	-	2,201	-	2,201	2,201
Filing fee	-	-	275	-	275	275
Office supplies	-	-	315	-	315	315
Bank and PayPal charges	-	-	-	1,295	1,295	1,295
Amortization	-	-	4,184	1,685	5,869	5,869
General expense	-	-	2,190	-	2,190	2,190
Total expenses	<u>\$ 261,477</u>	<u>\$ 261,477</u>	<u>\$ 58,032</u>	<u>\$ 32,536</u>	<u>\$ 90,568</u>	<u>\$ 352,045</u>

The accompanying notes are an integral part of these financial statements.

Nurses Educational Funds, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2022
(See Independent Accountant's Review Report)

	<u>2022</u>
Cash flows from operating activities	
Change in net assets	\$ (311,237)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Amortization	5,869
Net unrealized/realized (gain) loss on investments	271,929
Change in assets and liabilities	
Prepaid expenses	(2,800)
Accounts payable	5,337
Deferred income	(10,725)
Net cash used in operating activities	<u>(41,627)</u>
 Cash flows from investing activities	
Website development costs incurred	(8,300)
Proceeds from sale of investments	92,570
Purchase of investments	(296,398)
Net cash used in investing activities	<u>(212,128)</u>
 Net decrease in cash	(253,755)
Cash	
Beginning of year	673,054
End of year	<u>\$ 419,299</u>

The accompanying notes are an integral part of these financial statements.

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant's Review Report)

1. Nature of Organization

Nurses Educational Funds, Inc. (the "Organization") is a not-for-profit charitable organization. The Organization seeks and distributes funds to registered nurses for graduate study. The Organization is administered by a board of directors comprised of prominent leaders in nursing, business, and other professions.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are as follows:

Basis for Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

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

Net Assets

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories is as follows:

Net assets without donor restrictions are those amounts that are available for use in carrying out the supporting activities of the Organization and are not subject to donor-imposed stipulations. There were no board designations of net assets without donor restrictions as of August 31, 2022.

Net assets with donor restrictions are those amounts that are subject to donor-imposed stipulations. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of revenues, expenses and changes in net assets as net assets released from donor restrictions. The Organization had \$64,457 of net assets with donor restrictions as of August 31, 2022. See Note 6 for discussion of net assets with donor restrictions.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

Cash is composed of available cash balances. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Carrying amounts and bank balances in one account were approximately \$392,947 at August 31, 2022 and were covered by the Federal Deposit Insurance Corporation ("FDIC") to a maximum of \$250,000. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk on cash.

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant’s Review Report)

Investment Valuation and Income Recognition

Investments in equity securities with readily determinable fair values are measured at fair value in the accompanying statement of financial position. Unrealized gains and losses are included in the change in net assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurement.

Purchases and sales of investments are reflected on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Intangible Assets – Website Development Costs

Fixed and intangible assets with a cost in excess of \$2,500 and a projected useful life exceeding one year are capitalized and recorded at cost. During the year ended August 31, 2021, the Organization put into service a new website designed by a third-party vendor and capitalized \$10,000 in website development costs. Additional improvements to the website were made during the year ended August 31, 2022, and the additional cost of \$8,300 were capitalized. The website has an estimated useful life of three years. The amortization expense for the year ended August 31, 2022 was \$5,869. Total accumulated amortization as of August 31, 2022 was \$8,925.

Amortization expense for the years ending August 31st are as follows:

2023	\$ 6,100
2024	3,045
2025	230
	<u>\$ 9,375</u>

Promises to Give, Support and Revenue Recognition

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give the Organization 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.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Revenues and expenses related to the services of these volunteers are not recognized by the Organization, as they do not meet the criteria for recognition as contributed services. The Organization does not separately track the number of volunteer hours received.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses (a) program services; (b) management and general supporting services; and (c) fundraising expenses. The program and supporting service activities of the Organization relate to providing financial assistance in the form of scholarships. Costs associated with the general management of the Organization, have been classified in the statements of activities and changes in net assets as such. Costs associated with the Organization’s fundraising activities are reflected under that

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant's Review Report)

functional expense category. The financial statements report certain categories of expenses that are attributable to program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages and payroll taxes are allocated to various functions according to management's estimates of time and effort spent on the Organization's functions. Website, internet and amortization are allocated to various functions according to management's estimate of usage for such functions. The Organization uses a specific identification methodology to classify all other expenses.

Income Taxes

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii). The Organization is subject to income taxes only on net unrelated business income. The Organization did not have any unrelated business income during the year ended August 31, 2022. The Organization is also required to file an informational return (Federal Form 990).

The Organization has adopted the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is no longer subject to examination by the Internal Revenue Service for years prior to August 31, 2019.

Risks and Uncertainties

The Organization relies on contributions and donations from the general public. The Organization had one contributor whose contributions totaled 24% of public support contributions for the year ended August 31, 2022. The loss of this contributor or a material decrease in this source of revenues could have a material impact on the statements of financial position and statements of activities and changes in net assets.

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's statement of financial position and the related statement of activities and changes in net assets.

Accounting Guidance Issued But Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. With the issue of ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic) 842, Effective Dates for Certain Entities*, this standard is effective for fiscal years beginning after December 15, 2021. The Organization has not yet determined the impact on the notes to the financial statements that will result from the adoption of ASU No. 2016-02.

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant’s Review Report)

Subsequent Events

The Organization has evaluated subsequent events through February 4, 2023, the date the financial statements were available to be issued.

3. Investments

Investments consist of:

	<u>As of August 31, 2022</u>		
	Cost	Fair Value	Unrealized Gain (Loss)
Equity securities – common stocks	\$ 1,661,707	\$ 3,228,851	\$ 1,567,144
Equity securities – preferred stock	78,946	74,461	(4,485)
Equity securities – exchange traded fund	67,335	132,645	65,310
	<u>\$ 1,807,988</u>	<u>\$ 3,435,957</u>	<u>\$ 1,627,969</u>

4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at August 31, 2022.

Equity securities: Investments in common stock, preferred stock and exchange traded funds for securities traded on national securities exchanges are valued at the closing price reported by the exchange.

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant’s Review Report)

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

The following table sets forth by level, within the fair value hierarchy, the Organization’s fair value measurements as of August 31, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity securities:				
Common stock - large cap equity	\$ 3,062,086	\$ 3,062,086	\$ -	\$ -
Common stock - mid cap equity	166,765	166,765	-	-
Preferred stock - banking	74,461	74,461	-	-
Exchange traded fund – large cap equity	132,645	132,645	-	-
Total assets at fair value	<u>\$ 3,435,957</u>	<u>\$ 3,435,957</u>	<u>\$ -</u>	<u>\$ -</u>

5. Special Events

The Organization sponsors an annual special event/gala for fundraising activities, typically in October. The gala was canceled for the prior fiscal year, and ticket sales for that year were designated as deferred income as of August 31, 2021, in the amount of \$10,725. The gala was held during May 2022, and the tickets sold during the year ended August 31, 2021, were honored at that time. Costs associated with the annual gala totaled \$14,560 for the year ended August 31, 2022. The net amount raised by the gala was \$19,621.

6. Net Assets With Donor Restrictions

The Organization has received contributions that are subject to donor-imposed stipulations, including amounts for specific scholarships. During the year ended August 31, 2022, \$7,000 was released from restrictions due to satisfaction of program restrictions.

Net assets with donor restrictions are available for the following purposes or period as of August 31, 2022:

	<u>2022</u>
Donor support for future years’ programs:	
M. Elizabeth Carnegie African-American Memorial Fund	\$ 64,457

Nurses Educational Funds, Inc.
Notes to Financial Statements
As of and for the Year Ended August 31, 2022
(See Independent Accountant’s Review Report)

7. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity to meet operating needs and other commitments. Donor restricted amounts that are available for use within one year for general purposes include amounts for scholarships, as well as donor support to be used within one year of the statement of financial position date.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of August 31, 2022:

	<u>2022</u>
Financial assets at year-end	
Cash and cash equivalents	\$ 419,299
Investments	3,435,957
Less: assets unavailable for general expenditures due to donor restrictions	<u>(64,457)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,790,799</u>