CUNY SCHOOL OF PROFESSIONAL STUDIES FOUNDATION, INC.

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INDEPENDENT AUDITORS’ REPORT

The Board of Directors
CUNY School of Professional Studies Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of CUNY School of Professional Studies Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the Foundation’s financial statements as listed in the table of contents.

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.

Auditor’s 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 from 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 auditor’s 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 Foundation’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 Foundation’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 net position of CUNY School of Professional Studies Foundation, Inc. as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Toski & Co., CPAs, P.C.

Williamsville, New York
October 17, 2013
The intent of management’s discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the CUNY School of Professional Studies Foundation, Inc. (the Foundation) financial position as of June 30, 2013, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related footnotes.

Financial Highlights

- The Foundation’s total net position as of year end was $277,412.
- Operating revenue from restricted expendable and unrestricted sources was $150,571 and $37,706, respectively.
- Operating expenses from restricted expendable and unrestricted sources was $9,330 and $1,029, respectively.
- The increase in net position from restricted expendable and unrestricted sources was $141,241 and $36,764, respectively.

Financial Position

The Foundation’s net position, the difference between assets and liabilities, is one way to measure the Foundation’s financial health. Over time, increases and decreases in the Foundation’s net position are one indicator of whether its financial health is improving.

Statement of Net Position

The increase in current assets was primarily due to an increase in cash from donations. There were no noncurrent assets or current liabilities for the Foundation as of June 30, 2013. The following illustrates the Foundation’s net position at June 30, 2013 by fund:
Statement of Revenue, Expenses and Changes in Net Position

The statement of revenue, expenses and changes in net position presents the operating results of the Foundation, as well as non-operating revenue and expenses, if any. The major components of revenue and expenses for the year ended June 30, 2013 are as follows:

Revenue

Operating revenue - contributions $188,277
Nonoperating revenue - interest income 87
Total revenue $188,364

The majority of contributions came from the Murphy Institute Scholarship Fund for the year ended June 30, 2013. The Foundation is dependent upon this level of support to carry out its operations.

There were no other significant or unexpected changes in the Foundation’s revenue.

The following illustrates the Foundation’s revenue, by source, for the year ended June 30, 2013:

Revenue by Fund

![Revenue by Fund Chart]

Expenses

Operating expenses:

- Scholarships and awards $9,330
- Fundraising 458
- Management and general 571

Total expenses $10,359

There were no other significant or unexpected changes in the Foundation’s expenses.
The following illustrates the Foundation’s expenses, by category, for the year ended June 30, 2013:

**Expense Category**

- Fundraising, 4%
- Management and general, 6%
- Scholarships and awards, 90%

**Cash Flows**

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the Foundation’s ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Foundation’s cash flows for the year ended June 30, 2013:

**Cash Flows**

- Operating activities: $233,255
- Investing activities: $87

**Economic Factors That May Affect the Future**

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.
CUNY SCHOOL OF PROFESSIONAL STUDIES FOUNDATION, INC.
Statement of Net Position
June 30, 2013

Assets

Current assets:
   Cash and equivalents           $ 273,632
   Due from School of Professional Studies (SPS)  3,780
   Total current assets            $ 277,412

Net Position

Unrestricted                      84,002
Restricted - expendable           193,410
   Total net position              $ 277,412

See accompanying notes to financial statements.
CUNY SCHOOL OF PROFESSIONAL STUDIES FOUNDATION, INC.
Statement of Revenue, Expenses and Changes in Net Position
Year ended June 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted expendable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue - contributions</td>
<td>$37,706</td>
<td>150,571</td>
<td>188,277</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships and awards</td>
<td></td>
<td>9,330</td>
<td>9,330</td>
</tr>
<tr>
<td>Fundraising</td>
<td>458</td>
<td>-</td>
<td>458</td>
</tr>
<tr>
<td>Management and general</td>
<td>571</td>
<td>-</td>
<td>571</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,029</td>
<td>9,330</td>
<td>10,359</td>
</tr>
<tr>
<td>Income from operations</td>
<td>36,677</td>
<td>141,241</td>
<td>177,918</td>
</tr>
<tr>
<td>Nonoperating revenue - interest income</td>
<td>87</td>
<td>-</td>
<td>87</td>
</tr>
<tr>
<td>Increase in net position</td>
<td>36,764</td>
<td>141,241</td>
<td>178,005</td>
</tr>
<tr>
<td>Net position at beginning of year</td>
<td>47,238</td>
<td>52,169</td>
<td>99,407</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$84,002</td>
<td>193,410</td>
<td>277,412</td>
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See accompanying notes to financial statements.
CUNY SCHOOL OF PROFESSIONAL STUDIES FOUNDATION, INC.  
Statement of Cash Flows  
Year ended June 30, 2013

Cash flows from operating activities:  
   Cash receipts from - contributions $ 243,614  
   Cash payments to/for:  
      Scholarships and awards (9,330)  
      Vendors and other disbursements (1,029)  
   Net cash provided by operating activities 233,255

Cash flows from investing activities - interest income 87

Net increase in cash and equivalents 233,342

Cash and equivalents at beginning of year 40,290

Cash and equivalents at end of year $ 273,632

Reconciliation of income from operations to net cash provided by operating activities:  
   Income from operations 177,918
   Adjustments to reconcile income from operations to net cash provided by operating activities - changes in:  
      Due from SPS 55,037
      Accounts receivable 300
   Net cash provided by operating activities $ 233,255

See accompanying notes to financial statements.
CUNY SCHOOL OF PROFESSIONAL STUDIES FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

(1) Nature of Organization

The CUNY School of Professional Studies Foundation, Inc. (the Foundation) is a nonprofit entity created for the principal purpose of disbursing scholarships and awards to eligible students. The Foundation’s revenue is derived primarily from voluntary donations from various members of society.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Foundation’s accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), including applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Foundation is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Foundation is also considered to be a component unit of the University, as defined by GASB.

(b) Net Position

The Foundation’s resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Foundation to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Foundation or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Foundation’s Board of Directors.

At June 30, 2013, the Foundation had $193,410 restricted - expendable net position and $84,002 unrestricted.
(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents
Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

(d) Revenue Recognition
Contributions and other revenue is recognized in the period earned. Amounts collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(e) Functional Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(f) Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Subsequent Events
The Foundation has evaluated events after June 30, 2013, and through October 17, 2013, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(h) Income Taxes
The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management’s estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities. The Foundation is no longer subject to tax examination for the years ended June 30, 2009, and prior.
(3) Cash and Equivalents

 Custodial credit risk of deposits is the risk that the Foundation’s deposits may not be returned in the event of a bank failure. At June 30, 2013, $23,667 of the Foundation’s bank balance of $273,667 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 66 - “Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62” improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - “Fund Balance Reporting and Governmental Fund Type Definitions” and No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Foundation. This statement is not expected to have a material effect on the financial statements of the Foundation.

- GASB Statement No. 67 - “Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25” replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The statement specifies the required approach for measuring the pension liability of all employers and nonemployer contributing entities participating in a pension plan and details required note disclosures for financial reporting. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning July 1, 2013 for the Foundation. This statement is not expected to have a material effect on the financial statements of the Foundation.
(4) Accounting Standards Issued But Not Yet Implemented, Continued

- GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning July 1, 2014 for the Foundation. This statement is not expected to have a material effect on the financial statements of the Foundation.

- GASB Statement No. 69 - "Government Combinations and Disposals of Government Operations" establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals or government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning July 1, 2014 for the Foundation. This statement is not expected to have a material effect on the financial statements of the Foundation.

- GASB Statement No. 70 - "Accounting and Financial Reporting for Nonexchange Financial Guarantees" improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning July 1, 2013 for the Foundation. This statement is not expected to have a material effect on the financial statements of the Foundation.