

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Financial Statements and
Supplementary Information

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Financial Statements:	
Statements of Net Position	9
Statements of Revenue, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 21

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
York College Auxiliary Enterprises Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of York College Auxiliary Enterprises Corporation (the Auxiliary) as of and for the years ended June 30, 2019 and 2018, and related notes to financial statements, which collectively comprise the Auxiliary'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Auxiliary'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 Auxiliary'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 York College Auxiliary Enterprises Corporation as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 8 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2019

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Management's Discussion and Analysis

June 30, 2019

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of York College Auxiliary Enterprises Corporation's (the Auxiliary) financial position as of June 30, 2019, 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 notes.

Financial Highlights

- The Auxiliary's net position decreased by \$313,377 or 65%.
- Operating revenue increased by \$46,154 or 3%.
- Operating expenses increased by \$343,967 or 19%.

Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health. Over time, increases and decreases in the Auxiliary's net position is one indicator of determining the Auxiliary's financial health.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities and net position as of June 30, 2019 and 2018, under the accrual basis of accounting:

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 413,760	764,562	(350,802)	(46%)
Noncurrent assets	<u>578,623</u>	<u>571,011</u>	<u>7,612</u>	1%
Total assets	<u>992,383</u>	<u>1,335,573</u>	<u>(343,190)</u>	(26%)
Liabilities:				
Current liabilities	817,141	846,954	(29,813)	(4%)
Noncurrent liabilities	<u>10,000</u>	<u>10,000</u>	<u>-</u>	-
Total liabilities	<u>827,141</u>	<u>856,954</u>	<u>(29,813)</u>	(3%)
Net position:				
Net investment in capital assets	19,962	42,114	(22,152)	(53%)
Unrestricted	<u>145,280</u>	<u>436,505</u>	<u>(291,225)</u>	(67%)
Total net position	\$ <u>165,242</u>	<u>478,619</u>	<u>(313,377)</u>	(65%)

**YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION**

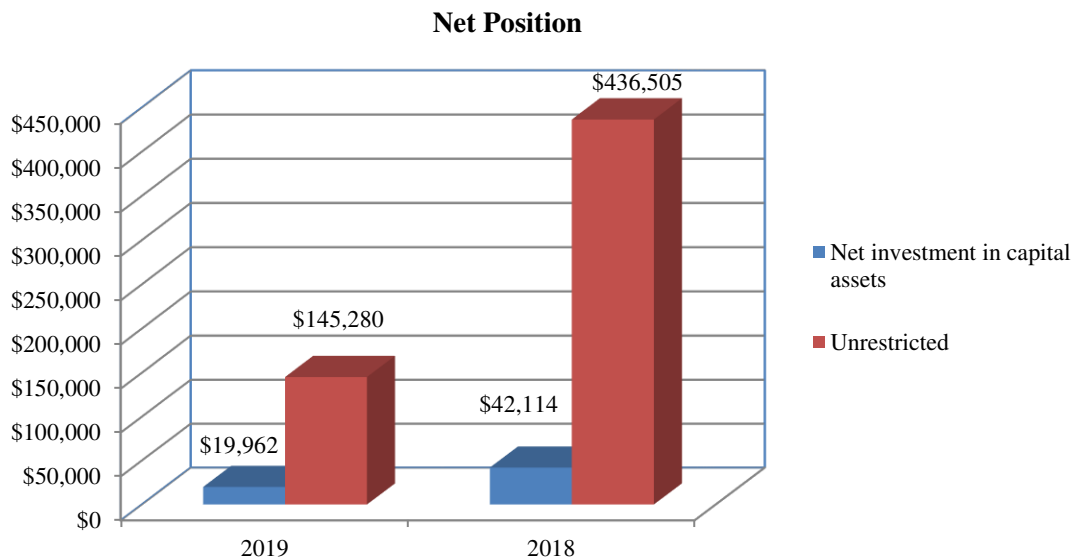
Management’s Discussion and Analysis, Continued

At June 30, 2019, the Auxiliary’s total assets decreased by \$343,190 or 26%, compared to the previous year. The majority of this variance was related to a decrease in current assets of \$350,802. The decrease in current assets was primarily due to the payment of management fees and losses from operations incurred to Aladdin, the current food service provider for York College. Payments for the year ended June 30, 2019 amounted to \$623,499. These payments were offset by revenue from catering and vending services in the amounts of \$242,971 and \$166,757, respectively.

At June 30, 2019, the Auxiliary’s total liabilities decreased by \$29,813 or 3%, compared to the previous year. The majority of this variance was related to a decrease to due to York College of \$295,645, offset by an increase in accounts payable and accrued expenses of \$235,276, along with an increase in unearned revenue of \$22,097.

There were no other significant or unexpected changes in the Auxiliary’s assets and liabilities.

The following illustrates the Auxiliary’s net position at June 30, 2019 and 2018 by category:



YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position represent the operating results of the Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2019 and 2018, are as follows:

Revenue

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Commissions:				
Bookstore	\$ 14,132	19,841	(5,709)	(29%)
Food service	242,971	135,634	107,337	79%
Royalties	42,320	42,320	-	-
Rental income	592,644	754,431	(161,787)	(21%)
Copier	1,591	10,577	(8,986)	(85%)
Parking fees	397,288	401,653	(4,365)	(1%)
Donated space and services	187,277	202,400	(15,123)	(7%)
Other	<u>334,724</u>	<u>199,937</u>	<u>134,787</u>	67%
Total operating revenue	<u>1,812,947</u>	<u>1,766,793</u>	<u>46,154</u>	3%
Nonoperating revenue:				
Investment income	31,484	80,689	(49,205)	(61%)
Contributions	<u>-</u>	<u>1,500</u>	<u>(1,500)</u>	(100%)
Total nonoperating revenue	<u>31,484</u>	<u>82,189</u>	<u>(50,705)</u>	(62%)
Total revenue	<u>\$ 1,844,431</u>	<u>1,848,982</u>	<u>(4,551)</u>	(1%)

The Auxiliary's total revenue for the year ended June 30, 2019 amounted to \$1,844,431 a decrease of \$4,551 or 1%, compared to the previous year. The major components of this variance were related to decreases in rental income of \$161,787, offset by the increase in food services of \$107,337. Decreases in rental income was primarily due to spaces offline this year. The increase in food services was primarily due to changes in the food services contract.

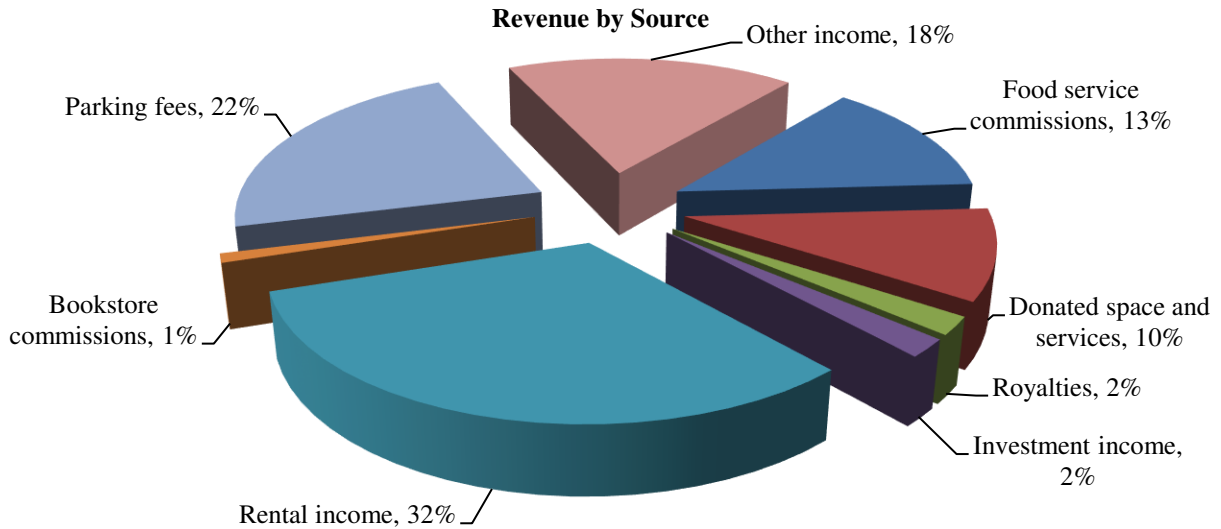
Rental income, parking fees and donated space and services represented 32%, 22% and 10% of the total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of support to carry out its operations.

There were no other significant or unexpected changes in the Auxiliary's revenue.

**YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION**

Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2019:



Expenses

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Athletics and recreation	\$ 55,580	55,408	172	1%
Graduation/commencement	98,033	99,892	(1,859)	(2%)
Career services	3,500	2,800	700	25%
Fine arts	9,967	10,094	(127)	(1%)
Undergraduate research	6,706	8,196	(1,490)	(18%)
VITA program	4,486	6,094	(1,608)	(26%)
Recruitment and advertising	17,192	15,620	1,572	10%
Facility rentals	235,072	372,472	(137,400)	(37%)
Parking	287,223	392,533	(105,310)	(27%)
Performing arts	241,331	232,125	9,206	4%
Other	69,363	193,935	(124,572)	(64%)
Management and general	1,068,800	362,394	706,406	195%
Depreciation	<u>22,152</u>	<u>23,875</u>	<u>(1,723)</u>	(7%)
Total operating expenses	2,119,405	1,775,438	343,967	19%
Nonoperating expenses - College support	<u>38,403</u>	<u>1,668,047</u>	<u>(1,629,644)</u>	(98%)
Total expenses	\$ <u>2,157,808</u>	<u>3,443,485</u>	<u>(1,285,677)</u>	(37%)

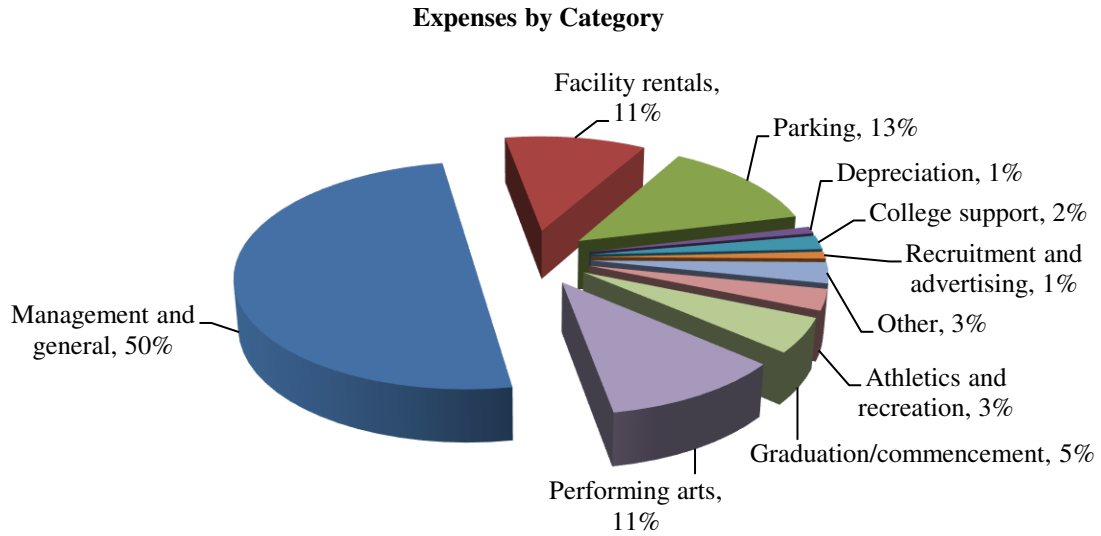
YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2019 amounted to \$2,157,808, a decrease of \$1,285,677 or 37%, compared to the previous year. The major components of this variance were related to decreases in facility rentals, parking and College support of \$137,400, \$105,310 and \$1,629,644, respectively. Facility rentals largely decreased due to a decrease in available space for clients. Parking decreased due to the decrease in utilization of the parking lots. This year the Auxiliary did not facilitate the cash infusion into the operating budget, causing the decrease in college support.

There were no other significant or unexpected changes in the Auxiliary's expenses.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2019:

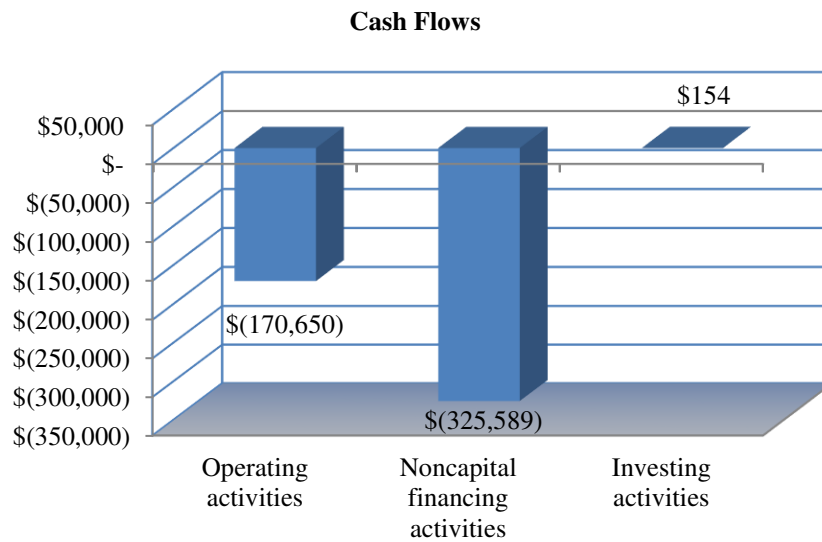


YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Management's Discussion and Analysis, Continued

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 Auxiliary's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2019:



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.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION
Statements of Net Position
June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and equivalents	\$ 71,483	567,568
Accounts receivable	163,386	111,856
Commissions receivable	140,291	47,932
Prepaid expenses	9,197	9,369
Investments, short-term	<u>29,403</u>	<u>27,837</u>
Total current assets	<u>413,760</u>	<u>764,562</u>
Noncurrent assets:		
Investments, long-term	558,661	528,897
Capital assets, net	<u>19,962</u>	<u>42,114</u>
Total noncurrent assets	<u>578,623</u>	<u>571,011</u>
Total assets	<u>992,383</u>	<u>1,335,573</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	473,130	237,854
Unearned revenue	41,160	19,063
Due to York College entities	69,068	364,713
Deposits held in custody for others, net	<u>233,783</u>	<u>225,324</u>
Total current liabilities	817,141	846,954
Noncurrent liabilities - security deposit	<u>10,000</u>	<u>10,000</u>
Total liabilities	<u>827,141</u>	<u>856,954</u>
<u>Net Position</u>		
Net investment in capital assets	19,962	42,114
Unrestricted	<u>145,280</u>	<u>436,505</u>
Total net position	<u>\$ 165,242</u>	<u>478,619</u>

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 14,132	19,841
Food service	242,971	135,634
Royalties	42,320	42,320
Rental income	592,644	754,431
Copier	1,591	10,577
Parking fees	397,288	401,653
Donated space and services	187,277	202,400
Other	<u>334,724</u>	<u>199,937</u>
Total operating revenue	<u>1,812,947</u>	<u>1,766,793</u>
Operating expenses:		
Athletics and recreation	55,580	55,408
Graduation/commencement	98,033	99,892
Career services	3,500	2,800
Fine arts	9,967	10,094
Undergraduate research	6,706	8,196
VITA program	4,486	6,094
Recruitment and advertising	17,192	15,620
Facility rentals	235,072	372,472
Parking	287,223	392,533
Performing arts	241,331	232,125
Other	69,363	193,935
Management and general	1,068,800	362,394
Depreciation	<u>22,152</u>	<u>23,875</u>
Total operating expenses	<u>2,119,405</u>	<u>1,775,438</u>
Loss from operations	<u>(306,458)</u>	<u>(8,645)</u>
Nonoperating revenue (expenses):		
Investment income	31,484	80,689
Contributions	-	1,500
College support	<u>(38,403)</u>	<u>(1,668,047)</u>
Total nonoperating revenue (expenses)	<u>(6,919)</u>	<u>(1,585,858)</u>
Change in net position	(313,377)	(1,594,503)
Net position at beginning of year	<u>478,619</u>	<u>2,073,122</u>
Net position at end of year	<u>\$ 165,242</u>	<u>478,619</u>

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 14,132	40,671
Food service commissions	130,845	123,813
Rental income	610,615	741,758
Copier	1,591	10,577
Parking fees	397,288	401,653
Other	349,407	194,632
Cash payments to/for:		
Employees' salaries and benefits	(679,349)	(874,145)
Services	(248,811)	(211,104)
Vendors	(746,368)	(446,378)
Net cash used in operating activities	<u>(170,650)</u>	<u>(18,523)</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in due to York College entities	(295,645)	64,114
(Increase) decrease in deposits held in custody for others	8,459	(37,945)
Contributions	-	1,500
College support	(38,403)	(1,668,047)
Net cash used in noncapital financing activities	<u>(325,589)</u>	<u>(1,640,378)</u>
Cash flows from investing activities:		
Interest and dividends	154	987
Proceeds from sales of investments	-	905,645
Net cash provided by investing activities	<u>154</u>	<u>906,632</u>
Net change in cash and equivalents	(496,085)	(752,269)
Cash and equivalents at beginning of year	<u>567,568</u>	<u>1,319,837</u>
Cash and equivalents at end of year	<u>\$ 71,483</u>	<u>567,568</u>

(Continued)

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION
Statements of Cash Flows, Continued

	<u>2019</u>	<u>2018</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (306,458)	(8,645)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	22,152	23,875
Changes in:		
Accounts receivable	(51,530)	(50,321)
Commissions receivable	(92,359)	(9,998)
Prepaid expenses	172	(7,599)
Accounts payable and accrued expenses	235,276	25,135
Unearned revenue	<u>22,097</u>	<u>9,030</u>
Net cash used in operating activities	<u>\$ (170,650)</u>	<u>(18,523)</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 187,277</u>	<u>202,400</u>
Donated facilities expense	3,596	3,248
Donated professional services expense	<u>183,681</u>	<u>199,152</u>
	<u>\$ 187,277</u>	<u>202,400</u>

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements

June 30, 2019 and 2018

(1) Nature of Organization

The York College Auxiliary Enterprises Corporation (the Auxiliary) is a nonprofit entity created to support certain activities and provide facilities and auxiliary services for the benefit of the campus community of York College (the College) of the City University of New York (CUNY or the University).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Auxiliary 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 Auxiliary is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Auxiliary'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 Auxiliary 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 Auxiliary or the passage of time.

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

At June 30, 2019, the Auxiliary had no restricted net position.

(c) Cash and Equivalents

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

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Receivables

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(e) Investments

The Auxiliary has investments held by CUNY in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the Committee) totaling \$588,064 and \$556,734 at June 30, 2019 and 2018, respectively. Several investment advisory firms are engaged to assist the Committee in its Investment Pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds and foreign bonds. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position.

(f) Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework 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 below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Auxiliary 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 assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Fair Value Measurements and Disclosures, Continued

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. There have been no changes in the methodologies used at June 30, 2019.

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 Auxiliary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(g) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$5,000 or more for all equipment; and \$25,000 or more for building improvements. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful life of furniture, fixtures and equipment is five years. The estimated useful life of building improvements is the lesser of the projected life or 25 years.

(h) Revenue Recognition

Operating revenue is recognized in the period earned and are primarily derived from agreements with third-party vendors that provide bookstore, cafeteria, vending, copier, facility rental and other services. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(i) Donated Space and Services

The Auxiliary operates on the campus of the College and, utilizes office space and certain services made available to it. The cost savings associated with such arrangements are recorded as donated space and services and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such services (note 8).

(j) Functional Expenses

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

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Use of Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(l) Commissions

Bookstore, cafeteria and vending commissions represent income earned under contracts with third-party vendors who operate and maintain the campus bookstore, cafeteria, and vending services, respectively.

(m) Subsequent Events

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

(n) Income Taxes

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

(o) Reclassifications

Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Auxiliary's deposits may not be returned in the event of a bank failure. At June 30, 2019, none of the Auxiliary's bank balance of \$281,677 was exposed to custodial credit risk as it was insured.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(4) Investments in CUNY Investment Pool and Related Investment Income

The Auxiliary's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY. Pooled investments include equity and fixed income securities. Investments as of June 30, 2019 and 2018, are comprised of the following:

	<u>2019</u>	<u>2018</u>
Investments in CUNY investment pool, short-term	\$ 29,403	27,837
Investments in CUNY investment pool, long-term	<u>558,661</u>	<u>528,897</u>
	\$ <u>588,064</u>	<u>556,734</u>

The following table summarizes the activity for financial instruments in 2019 and 2018:

Balance at July 1, 2017	\$ 1,177,037	
Withdrawal		(700,000)
Interest and dividends		5,622
Realized gain		17,246
Unrealized gain		<u>56,829</u>
Balance at June 30, 2018		556,734
Interest and dividends		8,396
Realized gain		89,032
Unrealized loss		<u>(66,098)</u>
Balance at June 30, 2019		\$ <u>588,064</u>

A summary of investment gain for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 8,396	5,622
Realized gains	89,032	17,246
Unrealized gain (loss)	<u>(66,098)</u>	<u>56,829</u>
Total investment gain	\$ <u>31,330</u>	<u>79,697</u>

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(5) Capital Assets

At June 30, 2019 and 2018, capital assets, consisted of the following:

	2019			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	\$ 44,969	-	-	44,969
Equipment	136,156	-	-	136,156
Vehicles	80,788	-	-	80,788
Improvements	<u>105,989</u>	<u>-</u>	<u>-</u>	<u>105,989</u>
Total	367,902	-	-	367,902
Less accumulated depreciation	<u>(325,788)</u>	<u>(22,152)</u>	<u>-</u>	<u>(347,940)</u>
Capital assets, net	\$ <u>42,114</u>	<u>(22,152)</u>	<u>-</u>	<u>19,962</u>
	2018			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	\$ 44,969	-	-	44,969
Equipment	136,156	-	-	136,156
Vehicles	80,788	-	-	80,788
Improvements	<u>105,989</u>	<u>-</u>	<u>-</u>	<u>105,989</u>
Total	367,902	-	-	367,902
Less accumulated depreciation	<u>(301,913)</u>	<u>(23,875)</u>	<u>-</u>	<u>(325,788)</u>
Capital assets, net	\$ <u>65,989</u>	<u>(23,875)</u>	<u>-</u>	<u>42,114</u>

(6) Deposits Held in Custody for Others

At June 30, 2019 and 2018, the Auxiliary held \$233,783 and \$225,324, respectively, which related to deposits held in custody for others, and is comprised of funds which are held on behalf of various other York College departments.

(7) Unrestricted Net Position - Designated

Unrestricted net position includes \$145,280 and \$436,505 at June 30, 2019 and 2018, respectively, designated by the Board of Directors of the Auxiliary to fund costs related to the purchase and replacement of furniture, equipment and capital projects, and to support a select number of College departments that generate revenue.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(8) Donated Space and Services

The Auxiliary utilizes certain facilities and professional services provided by the College. The estimated fair values of facilities and professional services are included in the accompanying statements of revenue, expenses and changes in net position. Facilities and professional services for the years ended June 30, 2019 and 2018 amounted to the following:

	<u>2019</u>	<u>2018</u>
Facilities	\$ 3,596	3,248
Professional services	<u>183,681</u>	<u>199,152</u>
	\$ <u>187,277</u>	<u>202,400</u>

(9) Commissions

Bookstore commissions represent income earned from a virtual bookstore vendor. CUNY entered into a contract with a virtual bookstore in which the Auxiliary is participating. The Auxiliary receives 5% of commission on books and course materials and 10% on general merchandise.

(10) Royalties

During the years ended June 30, 2019 and 2018, the Auxiliary received an annual royalty payment of \$42,320 from Verizon for leasing space on the roof of one its buildings to house a telecommunications transmitter. The contract is month to month at June 30, 2019.

(11) Related Party Transactions

At June 30, 2019 and 2018, the Auxiliary owed \$69,068 and \$364,713, respectively, to other York College entities. The Auxiliary is occasionally required to transfer funds to/from other York College related entities during the course of the year for payroll reimbursement and other costs, if any.

The Auxiliary has invested \$588,064 and \$556,734 as of June 30, 2019 and 2018, respectively, in the CUNY Investment Pool (note 4) which is under the control of the Committee, a related party.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred Before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

YORK COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.