

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION

Financial Statements and  
Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION

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## 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, 2020 and 2019, 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, 2020 and 2019, 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  
September 25, 2020

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION

Management's Discussion and Analysis

June 30, 2020

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, 2020, 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 increased by \$74,708 or 45%.
- Operating revenue decreased by \$767,905 or 42%.
- Operating expenses decreased by \$1,123,045 or 53%.

**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, 2020 and 2019, under the accrual basis of accounting:

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
<b>Assets:</b>				
Current assets	\$ 276,058	413,760	(137,702)	(33%)
Noncurrent assets	<u>404,662</u>	<u>578,623</u>	<u>(173,961)</u>	(30%)
Total assets	<u>680,720</u>	<u>992,383</u>	<u>(311,663)</u>	(31%)
<b>Liabilities:</b>				
Current liabilities	430,770	817,141	(386,371)	(47%)
Noncurrent liabilities	<u>10,000</u>	<u>10,000</u>	<u>-</u>	-
Total liabilities	<u>440,770</u>	<u>827,141</u>	<u>(386,371)</u>	(47%)
<b>Net position:</b>				
Net investment in capital assets	19,371	19,962	(591)	(3%)
Unrestricted	<u>220,579</u>	<u>145,280</u>	<u>75,299</u>	52%
Total net position	\$ <u>239,950</u>	<u>165,242</u>	<u>74,708</u>	45%

**YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION**

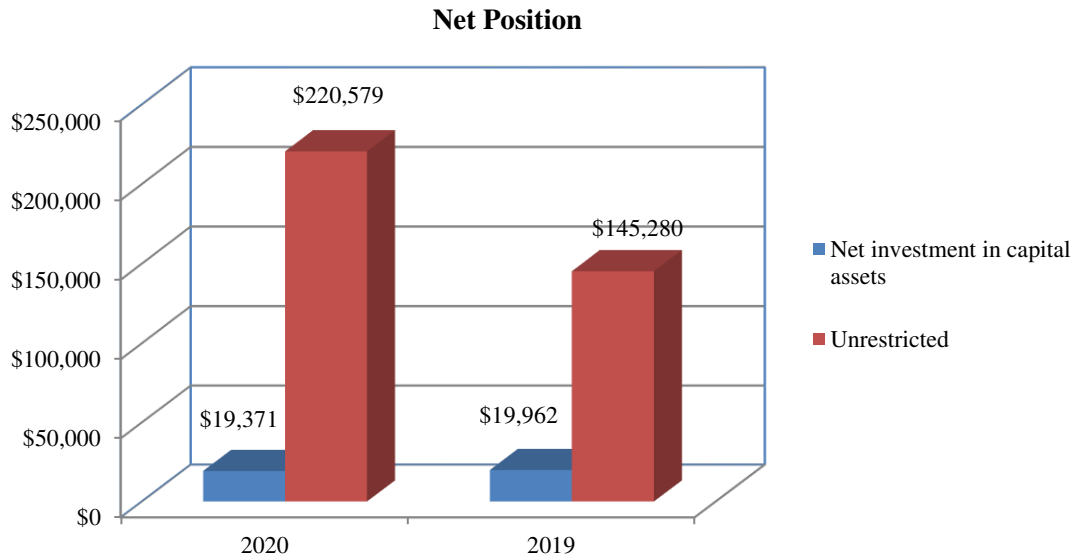
**Management's Discussion and Analysis, Continued**

At June 30, 2020, the Auxiliary's total assets decreased by \$311,663 or 31%, compared to the previous year. The majority of this variance was related to a decrease in current assets and noncurrent assets of \$137,702 and \$173,961, respectively. Current assets decreased primarily due a reduction of accounts receivable of \$40,373 and of commission receivable of \$93,690. Accounts receivable decreased primarily due to the cancellation of several rentals because of the COVID-19 pandemic. Commission receivables primarily decreased due to the loss of the food service provider as well as a reduction of vending services due to distance learning implemented in the spring semester.

At June 30, 2020, the Auxiliary's total liabilities decreased by \$386,371 or 47%, compared to the previous year. The majority of this variance was related to a decrease in accounts payable and accrued expenses and unearned revenue of \$393,948 and \$36,692, respectively. Accounts payable and accrued expenses primarily decreased due to the reduction of activities in the spring semester because of the COVID-19 pandemic that also affected unearned revenue since social distancing will continue through the fall. These decreases were offset by an increase in the amount due to York College entities of \$44,781 primarily due to late deposits and a timing lag with payments to New York State.

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, 2020 and 2019 by category:



YORK COLLEGE AUXILIARY  
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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, 2020 and 2019 are as follows:

**Revenue**

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Commissions:				
Bookstore	\$ 13,906	14,132	(226)	(2%)
Food service	41,642	242,971	(201,329)	(83%)
Royalties	42,320	42,320	-	-
Rental income	238,205	592,644	(354,439)	(60%)
Copier	4,574	1,591	2,983	187%
Parking fees	313,469	397,288	(83,819)	(21%)
Donated space and services	169,900	187,277	(17,377)	(9%)
Other	<u>221,026</u>	<u>334,724</u>	<u>(113,698)</u>	<u>(34%)</u>
Total operating revenue	<u>1,045,042</u>	<u>1,812,947</u>	<u>(767,905)</u>	<u>(42%)</u>
Nonoperating revenue:				
Investment income	17,543	31,484	(13,941)	(44%)
Contributions	<u>49,998</u>	<u>-</u>	<u>49,998</u>	<u>100%</u>
Total nonoperating revenue	<u>67,541</u>	<u>31,484</u>	<u>36,057</u>	<u>115%</u>
Total revenue	<u>\$ 1,112,583</u>	<u>1,844,431</u>	<u>(731,848)</u>	<u>(40%)</u>

The Auxiliary's total revenue for the year ended June 30, 2020 amounted to \$1,112,583 a decrease of \$731,848 or 40%, compared to the previous year. The major components of this variance were related to decreases in food service, rental income, parking fees and other of \$201,329, \$354,439, \$83,819 and \$113,698, respectively. Food service income decreased due to the loss of the food service provider. Decreases in rental income were primarily due to the mandated practice of social distancing due to COVID-19. Parking fees decreased primarily due to a one time partial refund to students for the spring semester that was approved by the Auxiliary's Board of Directors in consideration of distance learning, and other income decreased primarily due to a loss of vending activity also due to the implementation of distance learning.

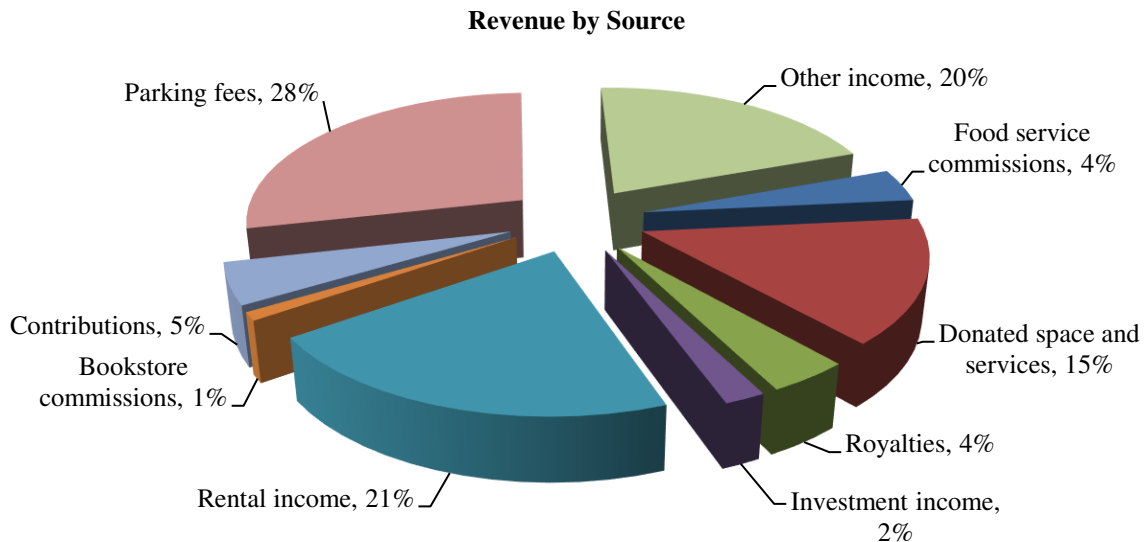
Rental income, parking fees and donated space and services represented 21%, 28% and 15% of the total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of support to carry out its operations.

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, 2020:



**Expenses**

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Athletics and recreation	\$ 8,723	55,580	(46,857)	(84%)
Graduation/commencement	2,155	98,033	(95,878)	(98%)
Career services	3,689	3,500	189	5%
Fine arts	8,778	9,967	(1,189)	(12%)
Undergraduate research	2,411	6,706	(4,295)	(64%)
VITA program	477	4,486	(4,009)	(89%)
Arts and science expo	4,802	-	4,802	100%
Recruitment and advertising	8,447	17,192	(8,745)	(51%)
Facility rentals	173,665	235,072	(61,407)	(26%)
Parking	210,496	287,223	(76,727)	(27%)
Performing arts	211,936	241,331	(29,395)	(12%)
Other	5,165	69,363	(64,198)	(93%)
Management and general	334,399	1,068,800	(734,401)	(69%)
Depreciation	591	22,152	(21,561)	(97%)
Bad debt	<u>20,626</u>	<u>-</u>	<u>20,626</u>	100%
Total operating expenses	996,360	2,119,405	(1,123,045)	(53%)
Nonoperating expenses - College support	<u>41,515</u>	<u>38,403</u>	<u>3,112</u>	8%
Total expenses	\$ <u>1,037,875</u>	<u>2,157,808</u>	<u>(1,119,933)</u>	(52%)



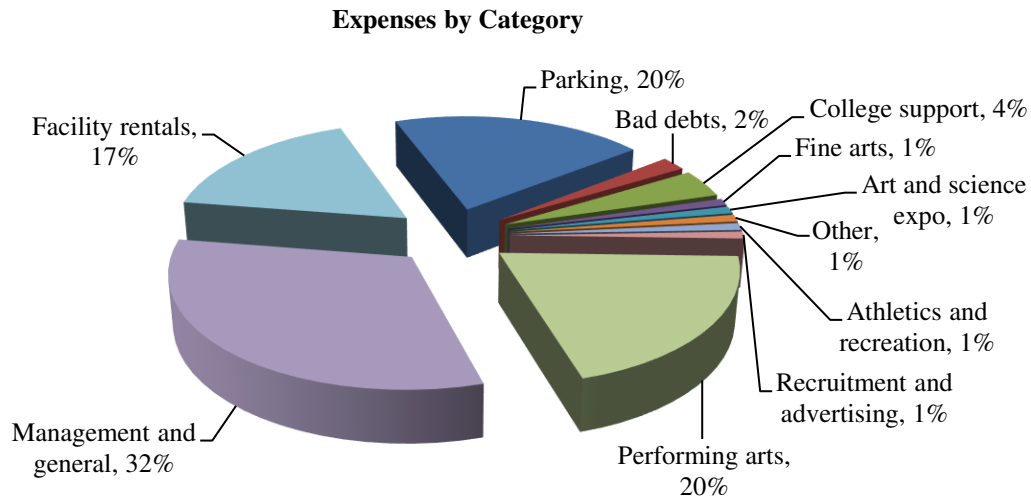
YORK COLLEGE AUXILIARY  
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Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2020 amounted to \$1,037,875, a decrease of \$1,119,933 or 52%, compared to the previous year. The major components of this variance were related to decreases in graduation/commencement, facility rentals, parking and management and general of \$95,878, \$61,407, \$76,727 and \$734,401, respectively. Graduation/commencement, facility rentals and parking largely decreased due to COVID-19 and the implementation of social distancing which cancelled events and initiated remote learning in the spring semester. In addition, management and general decreased primarily due to the loss of the food service provider to whom the Corporation was paying management fees in fiscal year 2019.

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, 2020:

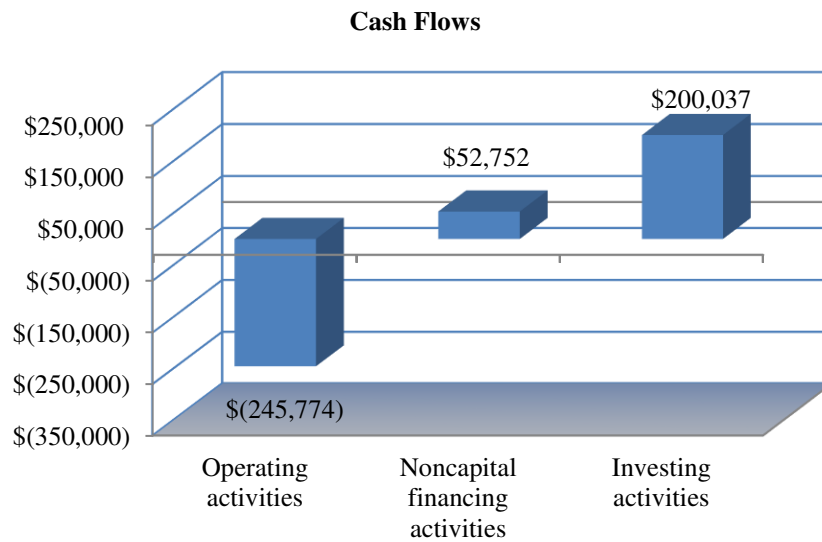


YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION

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, 2020:



**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, and COVID-19 whose effect is not presently determinable.

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION  
Statements of Net Position  
June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 78,498	71,483
Accounts receivable	123,013	163,386
Commissions receivable	46,601	140,291
Prepaid expenses	7,667	9,197
Investments, short-term	<u>20,279</u>	<u>29,403</u>
Total current assets	<u>276,058</u>	<u>413,760</u>
Noncurrent assets:		
Investments, long-term	385,291	558,661
Capital assets, net	<u>19,371</u>	<u>19,962</u>
Total noncurrent assets	<u>404,662</u>	<u>578,623</u>
Total assets	<u>680,720</u>	<u>992,383</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	79,182	473,130
Unearned revenue	4,468	41,160
Due to York College entities	113,849	69,068
Deposits held in custody for others, net	<u>233,271</u>	<u>233,783</u>
Total current liabilities	430,770	817,141
Noncurrent liabilities - security deposit	<u>10,000</u>	<u>10,000</u>
Total liabilities	<u>440,770</u>	<u>827,141</u>
<u>Net Position</u>		
Net investment in capital assets	19,371	19,962
Unrestricted	<u>220,579</u>	<u>145,280</u>
Total net position	<u>\$ 239,950</u>	<u>165,242</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 13,906	14,132
Food service	41,642	242,971
Royalties	42,320	42,320
Rental income	238,205	592,644
Copier	4,574	1,591
Parking fees	313,469	397,288
Donated space and services	169,900	187,277
Other	<u>221,026</u>	<u>334,724</u>
Total operating revenue	<u>1,045,042</u>	<u>1,812,947</u>
Operating expenses:		
Athletics and recreation	8,723	55,580
Graduation/commencement	2,155	98,033
Career services	3,689	3,500
Fine arts	8,778	9,967
Undergraduate research	2,411	6,706
VITA program	477	4,486
Arts and science expo	4,802	-
Recruitment and advertising	8,447	17,192
Facility rentals	173,665	235,072
Parking	210,496	287,223
Performing arts	211,936	241,331
Other	5,165	69,363
Management and general	334,399	1,068,800
Depreciation	591	22,152
Bad debts	<u>20,626</u>	<u>-</u>
Total operating expenses	<u>996,360</u>	<u>2,119,405</u>
Gain (loss) from operations	<u>48,682</u>	<u>(306,458)</u>
Nonoperating revenue (expenses):		
Investment income	17,543	31,484
Contributions	49,998	-
College support	<u>(41,515)</u>	<u>(38,403)</u>
Total nonoperating revenue (expenses)	<u>26,026</u>	<u>(6,919)</u>
Change in net position	74,708	(313,377)
Net position at beginning of year	<u>165,242</u>	<u>478,619</u>
Net position at end of year	<u>\$ 239,950</u>	<u>165,242</u>

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION  
Statements of Cash Flows  
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 13,906	14,132
Food service commissions	135,332	130,845
Rental income	171,759	610,615
Copier	4,574	1,591
Parking fees	313,469	397,288
Other	312,847	349,407
Cash payments to/for:		
Employees' salaries and benefits	(655,806)	(679,349)
Services	(25,871)	(248,811)
Vendors	(515,984)	(746,368)
	<u>(245,774)</u>	<u>(170,650)</u>
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Increase (decrease) in due to York College entities	44,781	(295,645)
Increase (decrease) in deposits held in custody for others	(512)	8,459
Contributions	49,998	-
College support	(41,515)	(38,403)
	<u>52,752</u>	<u>(325,589)</u>
Net cash provided by (used in) noncapital financing activities		
Cash flows from investing activities:		
Interest and dividends	37	154
Proceeds from sales of investments	200,000	-
	<u>200,037</u>	<u>154</u>
Net cash provided by investing activities		
Net change in cash and equivalents	7,015	(496,085)
Cash and equivalents at beginning of year	<u>71,483</u>	<u>567,568</u>
Cash and equivalents at end of year	<u>\$ 78,498</u>	<u>71,483</u>

(Continued)

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION  
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Income (loss) from operations	\$ 48,682	(306,458)
Adjustments to reconcile income (loss) from operations to net cash used in operating activities:		
Depreciation	591	22,152
Changes in:		
Accounts receivable	40,373	(51,530)
Commissions receivable	93,690	(92,359)
Prepaid expenses	1,530	172
Accounts payable and accrued expenses	(393,948)	235,276
Unearned revenue	<u>(36,692)</u>	<u>22,097</u>
Net cash used in operating activities	<u>\$ (245,774)</u>	<u>(170,650)</u>

See accompanying notes to financial statements.

YORK COLLEGE AUXILIARY  
ENTERPRISES CORPORATION

Notes to Financial Statements

June 30, 2020 and 2019

(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, 2020 and 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  
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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 \$405,570 and \$588,064 at June 30, 2020 and 2019, 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  
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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, 2020.

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  
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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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Auxiliary and its future results and financial position is not presently determinable.

(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 2019 balances in order to conform them to the 2020 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, 2020, none of the Auxiliary's bank balance of \$141,131 was exposed to custodial credit risk as it was insured.

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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, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Investments in CUNY investment pool, short-term	\$ 20,279	29,403
Investments in CUNY investment pool, long-term	<u>385,291</u>	<u>558,661</u>
	\$ <u>405,570</u>	<u>588,064</u>

The following table summarizes the activity for financial instruments in 2020 and 2019:

Balance at July 1, 2018		\$ 556,734
Interest and dividends		8,396
Realized gain		89,032
Unrealized loss		<u>(66,098)</u>
Balance at June 30, 2019		588,064
Withdrawal		(200,000)
Interest and dividends		5,424
Realized gain		9,091
Unrealized gain		<u>2,991</u>
Balance at June 30, 2020		\$ <u>405,570</u>

A summary of investment gain for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 5,424	8,396
Realized gains	9,091	89,032
Unrealized gain (loss)	<u>2,991</u>	<u>(66,098)</u>
Total investment gain	\$ <u>17,506</u>	<u>31,330</u>

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Notes to Financial Statements, Continued

(5) Capital Assets

At June 30, 2020 and 2019, capital assets, consisted of the following:

	2020			
	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>(347,940)</u>	<u>(591)</u>	<u>-</u>	<u>(348,531)</u>
Capital assets, net	\$ <u>19,962</u>	<u>(591)</u>	<u>-</u>	<u>19,371</u>
	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>

(6) Deposits Held in Custody for Others

At June 30, 2020 and 2019, the Auxiliary held \$233,271 and \$233,783, 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 \$220,579 and \$145,280 at June 30, 2020 and 2019, 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.

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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, 2020 and 2019 amounted to the following:

	<u>2020</u>	<u>2019</u>
Facilities	\$ 3,828	3,596
Professional services	<u>166,072</u>	<u>183,681</u>
	\$ <u>169,900</u>	<u>187,277</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, 2020 and 2019, 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, 2020.

(11) Related Party Transactions

At June 30, 2020 and 2019, the Auxiliary owed \$113,849 and \$69,068, 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 \$405,570 and \$588,064 as of June 30, 2020 and 2019, respectively, in the CUNY Investment Pool (note 4) which is under the control of the Committee, a related party.

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Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

- GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. 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. 87 - "Leases." This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, 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.
- 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, 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.

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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, 2021, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, 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.
- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

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Notes to Financial Statements, Continued

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

- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, 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.