

THE CITY COLLEGE AUXILIARY
ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
Financial Statements and
Supplementary Information
June 30, 2020 and 2019
(With Independent Auditors' Report Thereon)

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The City College Auxiliary Enterprises Corporation
(A Component Unit of the City University of New York):

Report on the Financial Statements

We have audited the accompanying financial statements of the City College Auxiliary Enterprises Corporation (a component unit of the City University of New York) (the Auxiliary), as of and for the years ended June 30, 2020 and 2019, and the 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 The City 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 7 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 24, 2020

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

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 The City College Auxiliary Enterprises Corporation's (a component unit of the City University of New York) (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 deficit decreased by \$13,520 or 31%.
- Operating revenue decreased by \$103,321 or 11%.
- Operating expenses increased by \$99,745 or 16%.

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 whether its financial health is improving.

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>
Assets	\$ <u>653,883</u>	<u>914,388</u>	<u>(260,505)</u>	<u>(28%)</u>
Liabilities	<u>684,281</u>	<u>958,306</u>	<u>(274,025)</u>	<u>(29%)</u>
Net position:				
Unrestricted - designated for parking	209,271	172,880	36,391	21%
Unrestricted (deficit)	<u>(239,669)</u>	<u>(216,798)</u>	<u>(22,871)</u>	<u>(11%)</u>
	\$ <u>(30,398)</u>	<u>(43,918)</u>	<u>13,520</u>	<u>31%</u>

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
Management’s Discussion and Analysis, Continued

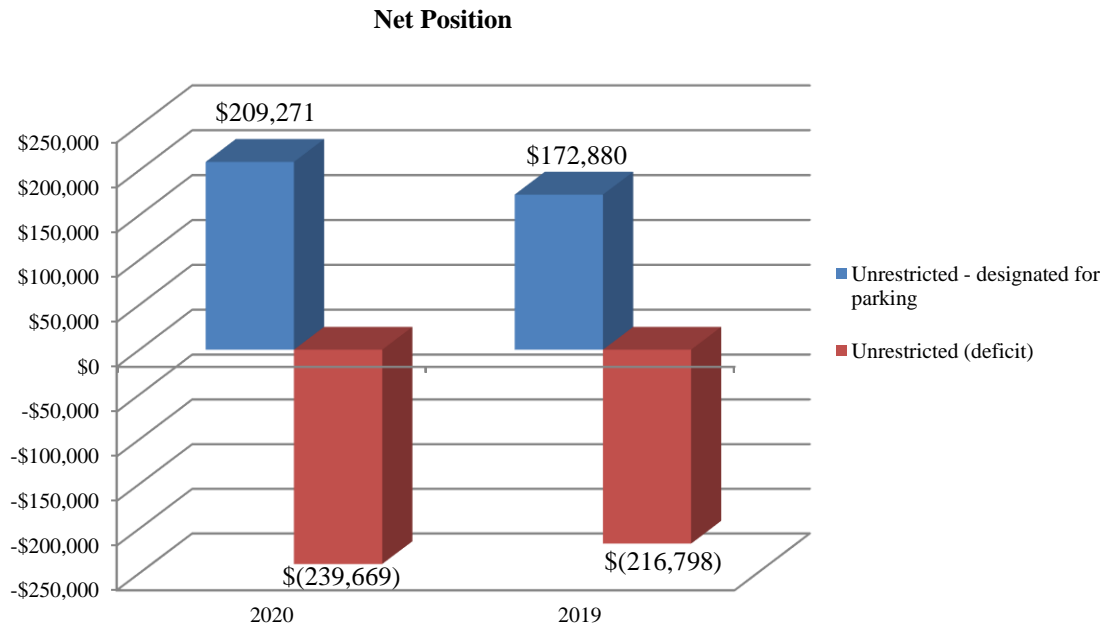
At June 30, 2020, the Auxiliary’s total net deficit decreased by \$13,520 or 31%, compared to the previous year. The major components of this variance were attributable to an increase in space rental income of \$62,385, and an increase in grants and contributions of \$48,360, offset by a decrease in parking income of \$115,196, and an increase of operating expenses of \$99,745.

At June 30, 2020, the Auxiliary’s total assets decreased by \$260,505 or 28%, compared to the previous year. The major component of this variance was attributed to a decrease of \$276,510 in cash and equivalents mainly due to the payments for the cafeteria termination fees and the College closing during the COVID-19 pandemic (the Pandemic).

At June 30, 2020, the Auxiliary’s total liabilities decreased by \$274,025 or 29%, compared to the previous year. The major component of this variance was attributed to payment for the cafeteria termination fees of \$714,898 offset by a loan of \$260,000 from the College to support Auxiliary’s operations.

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:



THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

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 present the operating results of the Auxiliary, as well as non-operating revenue and expenses. 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	\$ 14,481	17,743	(3,262)	(18%)
Cafeteria	-	63,750	(63,750)	(100%)
Vending	254,178	239,584	14,594	6%
Other	16,800	16,800	-	-
Royalties	135,000	135,000	-	-
Parking	63,782	178,978	(115,196)	(64%)
Space rental	86,510	24,125	62,385	259%
Campus store sales	192,720	189,907	2,813	1%
Donated space and services	<u>94,523</u>	<u>95,428</u>	<u>(905)</u>	<u>(1%)</u>
Total operating revenue	<u>857,994</u>	<u>961,315</u>	<u>(103,321)</u>	<u>(11%)</u>
Nonoperating revenue:				
Grants and contributions	215,081	166,721	48,360	29%
Other	<u>3,305</u>	<u>8,923</u>	<u>(5,618)</u>	<u>(63%)</u>
Total nonoperating revenue	<u>218,386</u>	<u>175,644</u>	<u>42,742</u>	<u>24%</u>
Total revenue	\$ <u>1,076,380</u>	<u>1,136,959</u>	<u>(60,579)</u>	<u>(5%)</u>

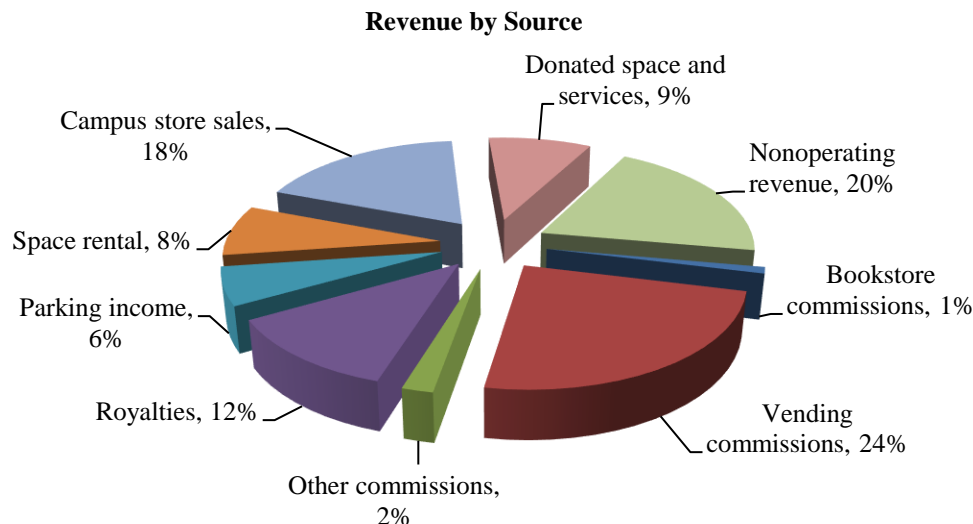
The Auxiliary's total revenue for the year ended June 30, 2020 amounted to \$1,076,380, a decrease of \$60,579 or 5%, compared to the previous year. The major components of this variance resulted from an increase in grants and contributions of \$48,360, a decrease of \$115,196 in parking due to the Pandemic, and a decrease of \$63,750 in cafeteria commission because the contract was terminated in 2019. The increase in grants and contributions is due to receiving more grant funding from the New York City Administration for Children's Services (ACS) through the University for assisting students from the foster families at the University.

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

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

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:				
Rental activities	\$ 28,413	-	28,413	100%
Management and general	355,673	353,273	2,400	1%
Campus parking	27,391	6,098	21,293	349%
Campus store	275,769	228,130	47,639	21%
Bad debts	<u>29,478</u>	<u>29,478</u>	-	-
Total operating expenses	<u>716,724</u>	<u>616,979</u>	<u>99,745</u>	<u>16%</u>
Nonoperating expenses:				
Termination fees	-	714,898	(714,898)	(100%)
Student services support	252,081	124,369	127,712	103%
College support	<u>94,055</u>	<u>83,529</u>	<u>10,526</u>	<u>13%</u>
Total nonoperating expenses	<u>346,136</u>	<u>922,796</u>	<u>(576,660)</u>	<u>(62%)</u>
Total expenses	<u>\$ 1,062,860</u>	<u>1,539,775</u>	<u>(476,915)</u>	<u>(31%)</u>

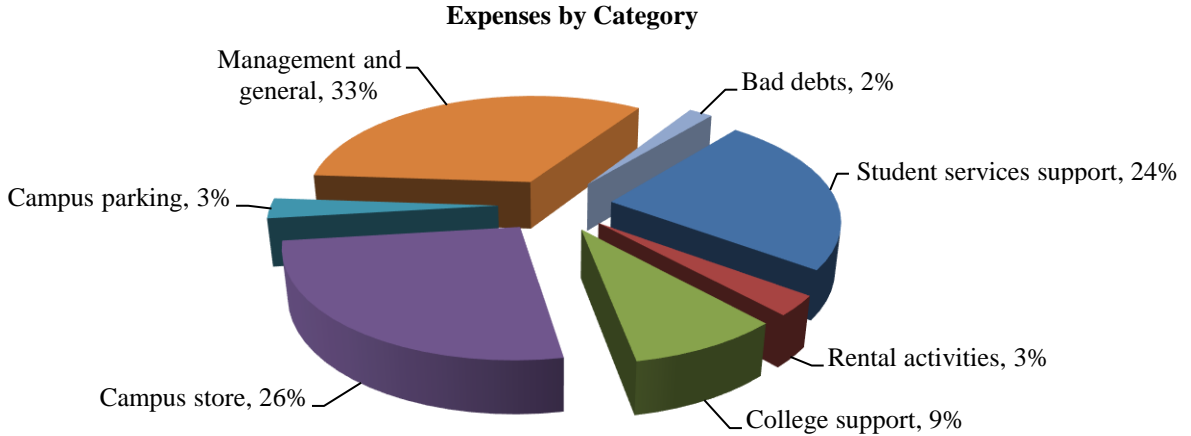
Total expenses for the year ended June 30, 2020 were \$1,062,860, a decrease of \$476,915 or 31%, compared to the previous year. The major components of this variance related to a decrease of the cafeteria termination fees for \$714,898, offset by an increase of \$47,639 for the merchandise sold in the campus store, and an increase of \$127,712 in the student service support for assisting students from the foster families at the University.

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

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
 (A Component Unit of the City University of New York)

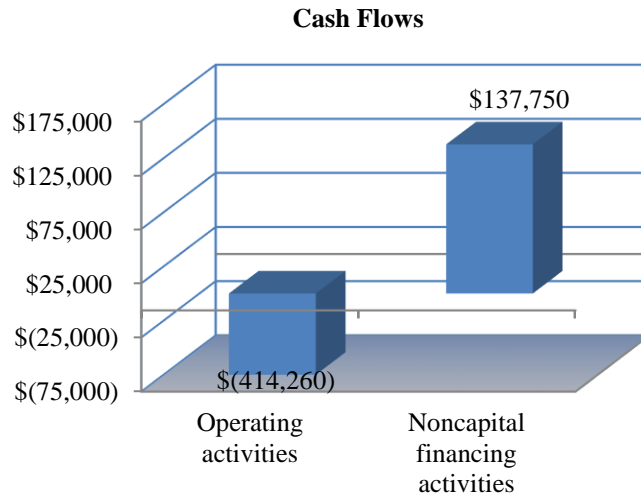
Management’s Discussion and Analysis, Continued

The following illustrates the Auxiliary’s expenses, by category, for the year ended June 30, 2020:



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

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. As well as student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
Statements of Net Position
June 30, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash and equivalents (note 3)		\$ 591,095	867,605
Commissions receivable, net of allowance of \$58,956 in 2020 and \$29,478 in 2019		62,788	46,783
Total assets		653,883	914,388
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued expenses		7,240	15,460
Termination fees payable		-	714,898
Other liabilities		626,908	183,315
Security deposits		50,133	44,633
Total liabilities		684,281	958,306
Net position:			
Unrestricted - designated for parking		209,271	172,880
Unrestricted (deficit)		(239,669)	(216,798)
Total net position		\$ (30,398)	(43,918)

See accompanying notes to financial statements.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
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 (note 2(e)):		
Bookstore	\$ 14,481	17,743
Cafeteria	-	63,750
Vending	254,178	239,584
Other	16,800	16,800
Royalties (note 4)	135,000	135,000
Parking	63,782	178,978
Space rental	86,510	24,125
Campus store sales	192,720	189,907
Donated space and services (note 5)	<u>94,523</u>	<u>95,428</u>
Total operating revenue	<u>857,994</u>	<u>961,315</u>
Operating expenses:		
Rental activities	28,413	-
Management and general	355,673	353,273
Campus parking	27,391	6,098
Campus store	275,769	228,130
Bad debts	<u>29,478</u>	<u>29,478</u>
Total operating expenses	<u>716,724</u>	<u>616,979</u>
Income from operations	<u>141,270</u>	<u>344,336</u>
Nonoperating revenue (expenses):		
Grants and contributions	215,081	166,721
Other nonoperating revenue	3,305	8,923
Termination fees	-	(714,898)
Student services support	(252,081)	(124,369)
College support	<u>(94,055)</u>	<u>(83,529)</u>
Total nonoperating revenue (expenses), net	<u>(127,750)</u>	<u>(747,152)</u>
Change in net position	13,520	(402,816)
Net position (deficit) at beginning of year	<u>(43,918)</u>	<u>358,898</u>
Net position (deficit) at end of year	<u>\$ (30,398)</u>	<u>(43,918)</u>

See accompanying notes to financial statements.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
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:		
Commissions	\$ 239,976	359,072
Royalties	135,000	135,000
Parking	63,782	178,978
Space rental	86,510	24,125
Campus store	192,720	189,907
Cash payments to/for:		
Employees' salaries and benefits	(300,358)	(286,082)
Termination fees	(714,898)	-
Vendors and other	<u>(116,992)</u>	<u>(197,271)</u>
Net cash provided by (used in) operating activities	<u>(414,260)</u>	<u>403,729</u>
Cash flows from noncapital financing activities:		
Security deposits	5,500	9,500
Grants and contributions	215,081	166,721
Other nonoperating revenue	3,305	8,923
Student services support	(252,081)	(124,369)
College support	<u>165,945</u>	<u>(83,529)</u>
Net cash provided by (used in) noncapital financing activities	<u>137,750</u>	<u>(22,754)</u>
Net change in cash and equivalents	(276,510)	380,975
Cash and equivalents at beginning of year	<u>867,605</u>	<u>486,630</u>
Cash and equivalents at end of year	<u>\$ 591,095</u>	<u>867,605</u>

(Continued)

See accompanying notes to financial statements.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by (used in) operating activities:		
Income from operations	\$ 141,270	344,336
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities:		
Bad debts	29,478	29,478
Changes in:		
Commissions receivable	(45,483)	(8,283)
Prepaid expenses	-	3,442
Accounts payable and accrued expenses	(8,220)	5,173
Other liabilities	<u>(531,305)</u>	<u>29,583</u>
Net cash provided by (used in) operating activities	<u>\$ (414,260)</u>	<u>403,729</u>
Supplemental schedule of cash flow information - non-cash termination fee accrued in other liabilities	<u>\$ -</u>	<u>714,898</u>

See accompanying notes to financial statements.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements

June 30, 2020 and 2019

(1) Nature of Organization

The City College Auxiliary Enterprises Corporation (a component unit of the City University of New York) (the Auxiliary) is a nonprofit entity organized to support certain student activities and provide facilities and auxiliary services for the benefit of the campus community of the City College (the College) of the City University of New York (CUNY or the University). The Auxiliary's revenue is derived primarily from commissions, parking, and royalties.

(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 attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subjects 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 of the Auxiliary's Board of Directors.

At June 30, 2020, the Auxiliary had no restricted net position or net investment in capital assets.

(c) Cash and Equivalents

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

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Commissions Receivable

Commissions receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires 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) Revenue Recognition

Revenue is recognized when earned and are primarily derived from agreements with certain unrelated organizations to provide the College with bookstore, auto teller machine (ATM), cafeteria, beverage services, and fees charged for the use of parking facilities.

Bookstore commissions represent income earned under a contract entered with an unrelated organization by the University in December 2016 to provide virtual bookstore services at the College. The terms of contract provides the University commissions annually. The University allocates the commissions to the College based on the University's discretion. The contract entered into by the University will end on December 31, 2021.

Cafeteria commissions represent income earned under a contract with an unrelated organization for the sale of food and nonalcoholic beverages on the College's premises. The College entered a contract for cafeteria services with an unrelated organization on July 14, 2017. The contract, which was to end on July 16, 2024, provided the Auxiliary with guaranteed annual commissions of \$250,000. In November 2018, the Auxiliary amended the contract with the unrelated organization. The amended contract provided the Auxiliary with a fixed monthly commission of \$20,833.33 from September to November 2018; and the Auxiliary agreed to pay a monthly management fee of \$8,333.33 to the unrelated organization and cover the net operating deficit occurred by the unrelated organization from December 2018. In March 2019, the unrelated organization elected to exercise the early termination provision in the contract, and requested the Auxiliary to pay approximately \$715,000 of the termination fees for the unamortized value of capital investments (\$480,000) and the accumulated net operating deficit (\$235,000). The termination fees were fully paid in February 2020.

In 2018, the University entered into a contract with an unrelated organization which allows the organization to provide vending services at the College. The terms of contract provides the University commissions annually. The University allocates the commissions to the College based on the University's discretion.

ATM commissions represent income earned under a contract with an unrelated organization for offering ATM services. The terms of the contract, which expired on November 30, 2016, provided the Auxiliary with monthly commissions of \$280 per ATM on campus. The Auxiliary is currently on a month-by-month contract with the same terms.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) 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 statements of revenue, expenses and changes in net position, based on the fair value of such facilities and services.

(g) Operating and Nonoperating Expenses

The costs associated with the operation of the Auxiliary, such as rent, parking, and campus store, are recorded as operating expenses. The costs associated with support to the College and student services are classified as nonoperating expenses due to the fact that support is discretionary, is subject to change based on the budget, and is not directly related to the operation of the Auxiliary.

(h) 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.

(i) 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.

(j) Income Taxes

The Auxiliary 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 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. Tax forms filed by the Auxiliary are subject to examination by taxing authorities.

(k) Reclassifications

Reclassifications have been made to certain 2019 balances in order to conform them to the 2020 presentation.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements, Continued

(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 times, the Auxiliary’s cash and equivalents may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality financial institutions.

(4) Royalties

The University entered into a contract with an unrelated organization in 2014, which allows the organization to sell its brand of products exclusively at the College. The terms of the contract provide the University with annual royalties. The University allocates the annual royalties to the Auxiliary based on sales of the products sold in the previous year. The Auxiliary received \$135,000 of the allocation from the University in 2020 and 2019.

(5) 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	\$ 5,472	5,928
Professional services	<u>89,051</u>	<u>89,500</u>
	\$ <u>94,523</u>	<u>95,428</u>

(6) Related Party Transactions

At June 30, 2020, the Auxiliary had an amount due to the College, included in other liabilities in the accompanying statements of net position, in the amount of \$263,757.

(7) 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.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements, Continued

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

- 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.
- 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.

THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
(A Component Unit of the City University of New York)

Notes to Financial Statements, Continued

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

- 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.
- 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.