THE CITY COLLEGE AUXILIARY
ENTERPRISES CORPORATION

Financial Statements and
Supplementary Information

June 30, 2015 and 2014

(With Independent Auditors’ Report Thereon)
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</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

The Board of Directors
The City College Auxiliary Enterprises Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of The City College Auxiliary Enterprises Corporation (the Auxiliary), as of and for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, 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.

Williamsville, New York
October 2, 2015

Tasaki & Co., CPAs, P.C.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
Management’s Discussion and Analysis
June 30, 2015 and 2014

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 (the Auxiliary) financial position as of June 30, 2015, 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 $138,387 or 21%.
- Operating revenue decreased by $130,470 or 20%.
- Operating expenses decreased by $59,229 or 13%.

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, 2015 and 2014, under the accrual basis of accounting:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Dollar change</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$565,741</td>
<td>696,124</td>
<td>(130,383)</td>
<td>(19%)</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>143,226</td>
<td>188,897</td>
<td>(45,671)</td>
<td>(24%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>708,967</td>
<td>885,021</td>
<td>(176,054)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>176,636</td>
<td>214,303</td>
<td>(37,667)</td>
<td>(18%)</td>
</tr>
<tr>
<td>Net position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>143,226</td>
<td>188,897</td>
<td>(45,671)</td>
<td>(24%)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>389,105</td>
<td>481,821</td>
<td>(92,716)</td>
<td>(19%)</td>
</tr>
<tr>
<td>Total net position</td>
<td>$532,331</td>
<td>670,718</td>
<td>(138,387)</td>
<td>(21%)</td>
</tr>
</tbody>
</table>
At June 30, 2015, the Auxiliary’s total net position decreased by $138,387 or 21%, compared to the previous year. The major components of this variance were attributable to a decrease in cash and equivalents of $136,442, an increase of $13,933 in commissions receivable, and a decrease of $45,671 in capital assets.

At June 30, 2015, the Auxiliary’s total current liabilities decreased by $37,667 or 18%, compared to the previous year. The major component of this variance was attributed to a decrease of $38,636 in other liabilities.

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, 2015 and 2014 by category:
THE CITY 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 present the operating results of the Auxiliary, as well as nonoperating revenue and expenses. The major components of revenue and expenses for the years ended June 30, 2015 and 2014, are as follows:

Revenue

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Dollar change</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookstore</td>
<td>$ 88,912</td>
<td>108,957</td>
<td>(20,045)</td>
<td>(18%)</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>106,555</td>
<td>115,935</td>
<td>(9,380)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Vending</td>
<td>60,038</td>
<td>62,120</td>
<td>(2,082)</td>
<td>(3%)</td>
</tr>
<tr>
<td>Other</td>
<td>14,701</td>
<td>12,377</td>
<td>2,324</td>
<td>19%</td>
</tr>
<tr>
<td>Royalties</td>
<td>135,000</td>
<td>217,777</td>
<td>(82,777)</td>
<td>(38%)</td>
</tr>
<tr>
<td>Donated space and services</td>
<td>106,711</td>
<td>125,221</td>
<td>(18,510)</td>
<td>(15%)</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>511,917</td>
<td>642,387</td>
<td>(130,470)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Nonoperating revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment return</td>
<td>47</td>
<td>54</td>
<td>(7)</td>
<td>(13%)</td>
</tr>
<tr>
<td>Other</td>
<td>4,683</td>
<td>9,108</td>
<td>(4,425)</td>
<td>(49%)</td>
</tr>
<tr>
<td>Total nonoperating revenue</td>
<td>4,730</td>
<td>9,162</td>
<td>(4,432)</td>
<td>(48%)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$ 516,647</td>
<td>651,549</td>
<td>(134,902)</td>
<td>(21%)</td>
</tr>
</tbody>
</table>

The Auxiliary’s total operating revenue for the year ended June 30, 2015 amounted to $511,917, a decrease of $130,470 or 20%, compared to the previous year. The major components of this variance resulted from a decrease in royalties of $82,777 due to the royalties being allocated by the City University of New York based on the sales made on campus, a decrease in bookstore commission fees of $20,045, and a decrease in the donated space and services of $18,510. In addition, the decrease of other nonoperating revenue amounting to $4,425 was due to the decrease in fees and commissions earned from various student activities in the current year.

Commissions and royalties represented 52% and 26% of total revenue, respectively, and therefore, the Auxiliary is dependent on this level of support to carry out its operations.

There were no other significant or unexpected changes in the Auxiliary’s revenue.
The following illustrates the Auxiliary’s revenue, by source, for the year ended June 30, 2015:

![Revenue by Source Chart]

### Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>2015</th>
<th>2014</th>
<th>Dollar change</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>$4,788</td>
<td>40,000</td>
<td>(35,212)</td>
<td>(88%)</td>
</tr>
<tr>
<td>Management and general</td>
<td>352,692</td>
<td>326,711</td>
<td>25,981</td>
<td>8%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>45,671</td>
<td>45,669</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>50,000</td>
<td>(50,000)</td>
<td>(100%)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>403,151</td>
<td>462,380</td>
<td>(59,229)</td>
<td>(13%)</td>
</tr>
<tr>
<td><strong>Nonoperating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student services support</td>
<td>239,951</td>
<td>255,886</td>
<td>(15,935)</td>
<td>(6%)</td>
</tr>
<tr>
<td>College support</td>
<td>11,932</td>
<td>120,299</td>
<td>(108,367)</td>
<td>(90%)</td>
</tr>
<tr>
<td><strong>Total nonoperating expenses</strong></td>
<td>251,883</td>
<td>376,185</td>
<td>(124,302)</td>
<td>(33%)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$655,034</td>
<td>838,565</td>
<td>(183,531)</td>
<td>(22%)</td>
</tr>
</tbody>
</table>

Total expenses for the year ended June 30, 2015 were $655,034, a decrease of $183,531 or 22%, compared to the previous year. The major components of this variance related to an increase in management and general of $25,981, and decreases in bad debts of $50,000, rent of $35,212, and college support of $108,367.

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, 2015:

**Expenses by Category**

- Management and general, 54%
- College support, 2%
- Rent, 1%
- Student services support, 36%
- Depreciation, 7%

**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, 2015:

**Cash Flows**

<table>
<thead>
<tr>
<th>Operating activities</th>
<th>Noncapital financing activities</th>
<th>Investing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>$99,707</td>
<td>$(236,196)</td>
<td>$47</td>
</tr>
</tbody>
</table>

**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.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
Statements of Net Position
June 30, 2015 and 2014

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and equivalents (note 3)</td>
<td>$487,268</td>
<td>623,710</td>
</tr>
<tr>
<td>Commissions receivable</td>
<td>65,825</td>
<td>51,892</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>3,126</td>
<td>-</td>
</tr>
<tr>
<td>Loan to officer (note 4)</td>
<td>9,522</td>
<td>15,022</td>
</tr>
<tr>
<td>Due from related parties, net (note 5)</td>
<td></td>
<td>5,500</td>
</tr>
<tr>
<td>Total current assets</td>
<td>565,741</td>
<td>696,124</td>
</tr>
<tr>
<td>Noncurrent assets - capital assets, net (note 6)</td>
<td>143,226</td>
<td>188,897</td>
</tr>
<tr>
<td>Total assets</td>
<td>708,967</td>
<td>885,021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>78,021</td>
<td>77,056</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>63,724</td>
<td>102,360</td>
</tr>
<tr>
<td>Security deposits</td>
<td>34,891</td>
<td>34,887</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>176,636</td>
<td>214,303</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Position</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>143,226</td>
<td>188,897</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>389,105</td>
<td>481,821</td>
</tr>
<tr>
<td>Total net position</td>
<td>$532,331</td>
<td>670,718</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION

Statements of Revenue, Expenses and Changes in Net Position

Years ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions: (note 2 (g))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cookbook</td>
<td>$ 88,912</td>
<td>108,957</td>
</tr>
<tr>
<td>Cafeteria</td>
<td>106,555</td>
<td>115,935</td>
</tr>
<tr>
<td>Vending</td>
<td>60,038</td>
<td>62,120</td>
</tr>
<tr>
<td>Other</td>
<td>14,701</td>
<td>12,377</td>
</tr>
<tr>
<td>Royalties (note 7)</td>
<td>135,000</td>
<td>217,777</td>
</tr>
<tr>
<td>Donated space and services (note 8)</td>
<td>106,711</td>
<td>125,221</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>511,917</td>
<td>642,387</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>4,788</td>
<td>40,000</td>
</tr>
<tr>
<td>Management and general</td>
<td>352,692</td>
<td>326,711</td>
</tr>
<tr>
<td>Depreciation</td>
<td>45,671</td>
<td>45,669</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>403,151</td>
<td>462,380</td>
</tr>
<tr>
<td>Income from operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>108,766</td>
<td>180,007</td>
</tr>
</tbody>
</table>

Nonoperating revenue (expenses):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment return</td>
<td>47</td>
<td>54</td>
</tr>
<tr>
<td>Other nonoperating revenue</td>
<td>4,683</td>
<td>9,108</td>
</tr>
<tr>
<td>Student services support</td>
<td>(239,951)</td>
<td>(255,886)</td>
</tr>
<tr>
<td>College support</td>
<td>(11,932)</td>
<td>(120,299)</td>
</tr>
<tr>
<td>Total nonoperating revenue (expenses), net</td>
<td>(247,153)</td>
<td>(367,023)</td>
</tr>
<tr>
<td>Decrease in net position</td>
<td>(138,387)</td>
<td>(187,016)</td>
</tr>
<tr>
<td>Net position at beginning of year</td>
<td>670,718</td>
<td>857,734</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$ 532,331</td>
<td>670,718</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION

Statements of Cash Flows
Years ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td>$256,273</td>
<td>293,278</td>
</tr>
<tr>
<td>Royalties</td>
<td>135,000</td>
<td>217,777</td>
</tr>
<tr>
<td>Cash payments to/for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees' salaries and benefits</td>
<td>(147,722)</td>
<td>(151,374)</td>
</tr>
<tr>
<td>Vendors and other</td>
<td>(143,844)</td>
<td>(26,669)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>99,707</td>
<td>333,012</td>
</tr>
</tbody>
</table>

| Cash flows from noncapital financing activities: |        |        |
| Security deposits                        | 4      | 4      |
| Other nonoperating revenue               | 4,683  | 9,108  |
| Student services support                 | (239,951)| (255,886)|
| College support                          | (11,932)| (137,299)|
| Loan to officer                          | 5,500  | (15,022)|
| Due from related parties                 | 5,500  | (55,500)|
| Net cash used in noncapital financing activities | (236,196)| (454,595)|

| Cash flows from investing activities - investment return | 47 | 54 |
| Net decrease in cash and equivalents | (136,442) | (121,529) |
| Cash and equivalents at beginning of year | 623,710 | 745,239 |
| Cash and equivalents at end of year | $487,268 | 623,710 |

(Continued)

See accompanying notes to financial statements.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
Statements of Cash Flows, Continued

Reconciliation of income from operations to net cash provided by operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operations</td>
<td>$108,766</td>
<td>180,007</td>
</tr>
<tr>
<td>Adjustments to reconcile income from operations to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>45,671</td>
<td>45,669</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions receivable</td>
<td>(13,933)</td>
<td>(6,111)</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>(3,126)</td>
<td>3,169</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>965</td>
<td>45,785</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(38,636)</td>
<td>14,493</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$99,707</td>
<td>333,012</td>
</tr>
</tbody>
</table>

Supplemental schedule of cash flow information:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated space and services</td>
<td>$106,711</td>
<td>125,221</td>
</tr>
<tr>
<td>Donated professional services</td>
<td>101,923</td>
<td>85,221</td>
</tr>
<tr>
<td>Donated facilities</td>
<td>4,788</td>
<td>40,000</td>
</tr>
<tr>
<td></td>
<td>$106,711</td>
<td>125,221</td>
</tr>
</tbody>
</table>

Disposal of fully depreciated equipment

|                           |          |          |
| Disposal of fully depreciated equipment | $27,013 |          |

See accompanying notes to financial statements.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION

Notes to Financial Statements

June 30, 2015 and 2014

(1) Nature of Organization

The City College Auxiliary Enterprises Corporation (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).

(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) Accounting Pronouncements

The significant GASB standards followed by the Auxiliary are summarized below:

- GASB Statement No. 63 - “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.” This Statement amends the net asset reporting requirements in Statement No. 34 - “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments” and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

- GASB Statement No. 65 - “Items Previously Reported as Assets and Liabilities.” This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) 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, 2015, the Auxiliary had no restricted net position.

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

(e) 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 $1,000 or more for computer equipment, and $5,000 or more for all other assets. 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 equipment is five years. The estimated useful life of building improvements is twenty-five years.

(f) 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.

(g) 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 (the ATM), and cafeteria and beverage services.
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) Revenue Recognition, Continued

Bookstore commissions represent income earned under a contract with an unrelated organization to operate and maintain the campus bookstore. The terms of the contract, which expire on June 30, 2015, provide the Auxiliary with annual commissions the greater of (1) an amount based on a percentage of the unrelated organization's sales at the campus bookstore, or (2) guaranteed annual payment. On July 16, 2015, the contract was extended to June 30, 2016.

Cafeteria and vending 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 terms of the contract, which expire on June 30, 2017, provide the Auxiliary with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of the unrelated organization's sales on the College's premises.

ATM commissions represent income earned under a contract with an unrelated organization for offering ATM services. The terms of the contract, which expire on November 30, 2016, provide the Auxiliary with monthly commissions the greater of (1) $280 per ATM on campus, or (2) $2.00 per ATM withdraw transaction.

(h) 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.

(i) 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.

(j) 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.

(k) 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.
(2) Summary of Significant Accounting Policies, Continued

(1) 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. U.S. Forms 990 filed by the Auxiliary are subject to examination by taxing authorities. Period ended June 30, 2012 and subsequent remain subject to examination by applicable taxing authorities.

(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) Loan to Officer

The Auxiliary made an unsecured loan in 2014 to the Executive Director. The loan is evidenced by a recourse loan agreement, bearing no interest, and matures upon demand. As of June 30, 2015 and 2014, the amount outstanding was $9,522 and $15,022, respectively.

(5) Due from Related Parties

The Auxiliary advanced funds to related parties for scholarships to students and general operations. Amounts due from related parties are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City College 21st Century Foundation</td>
<td>$</td>
<td>5,500</td>
</tr>
<tr>
<td>The City College Child Development Center</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>50,000</td>
<td>55,500</td>
</tr>
<tr>
<td>Less allowance for bad debts</td>
<td>(50,000)</td>
<td>(50,000)</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>5,500</td>
</tr>
</tbody>
</table>
THE CITY COLLEGE AUXILIARY ENTERPRISES CORPORATION
Notes to Financial Statements, Continued

(6) Capital Assets

At June 30, 2015 and 2014, capital assets consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
<td>Additions</td>
<td>Disposals</td>
<td>Balance</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$ 225,765</td>
<td>-</td>
<td>(27,013)</td>
<td>198,752</td>
<td></td>
</tr>
<tr>
<td>Building improvements</td>
<td>148,000</td>
<td>-</td>
<td></td>
<td>148,000</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(184,868)</td>
<td>(45,671)</td>
<td>27,013</td>
<td>(203,526)</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$ 188,897</td>
<td>(45,671)</td>
<td></td>
<td>143,226</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
<td>Additions</td>
<td>Disposals</td>
<td>Balance</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$ 225,765</td>
<td>-</td>
<td></td>
<td>225,765</td>
<td></td>
</tr>
<tr>
<td>Building improvements</td>
<td>148,000</td>
<td>-</td>
<td></td>
<td>148,000</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(139,199)</td>
<td>(45,669)</td>
<td></td>
<td>(184,868)</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$ 234,566</td>
<td>(45,669)</td>
<td></td>
<td>188,897</td>
<td></td>
</tr>
</tbody>
</table>

(7) 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 cases of the products sold in the previous year. The Auxiliary received $135,000 and $217,777 of the allocation from the University in 2015 and 2014, respectively.

(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. Professional services and facilities for the years ended June 30, 2015 and 2014 amounted to the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>$101,923</td>
<td>85,221</td>
</tr>
<tr>
<td>Facilities</td>
<td>4,788</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$106,711</td>
<td>125,221</td>
</tr>
</tbody>
</table>
(9) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 72 - “Fair Value Measurement and Application.” This Statement, which was issued in February 2015, provides guidance regarding accounting and financial reporting issues related to fair value measurements for certain investments and disclosures related to fair value measurements. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015 for the Auxiliary. The Statement is being evaluated for its effect on the financial statements of the Auxiliary.

- GASB Statement No. 73 - “Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” This Statement, issued in June 2015, establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68, “Accounting and Financial Reporting for Pensions,” as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 74 - “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
(9) Accounting Standards Issued But Not Yet Implemented, Continued

- GASB Statement No. 76 - “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” This Statement, issued in June 2015, supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015 for the Auxiliary. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Auxiliary.