

THE CITY COLLEGE CHILD
DEVELOPMENT CENTER, INC.

Financial Statements and
Supplementary Information

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 7
Financial Statements:	
Statements of Net Position	8
Statements of Revenue, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 14

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The City College Child Development Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The City College Child Development Center, Inc. (the CDC) as of and for the years ended June 30, 2018 and 2017, and the related notes to financial statements, which collectively comprise the CDC'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 CDC'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 CDC'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 Child Development Center, Inc. as of June 30, 2018 and 2017, 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
October 1, 2018

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis

June 30, 2018

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of The City College Child Development Center, Inc.'s (the CDC) financial position as of June 30, 2018, 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

- CDC's net position increased by \$55,019 or 48%.
- Operating revenue decreased by \$8,800 or 12%.
- Operating expenses decreased by \$13,045 or 54%.

Financial Position

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

Statements of Net Position

The following summarizes the CDC's assets, liabilities and net position as of June 30, 2018 and 2017, under the accrual basis of accounting:

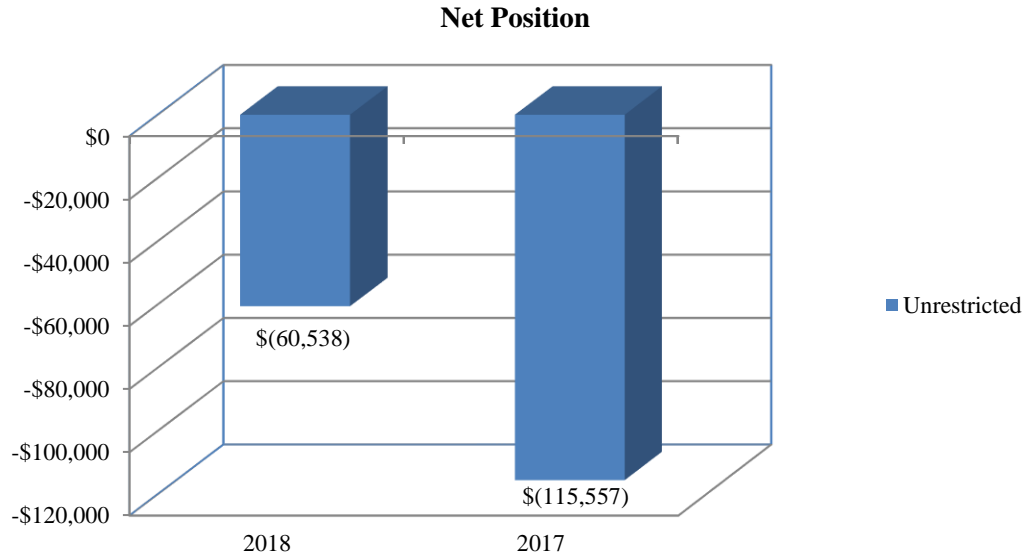
	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>139,721</u>	<u>134,702</u>	<u>5,019</u>	4%
Liabilities	<u>200,259</u>	<u>250,259</u>	<u>(50,000)</u>	(20%)
Net position - unrestricted	\$ <u>(60,538)</u>	<u>(115,557)</u>	<u>55,019</u>	48%

At June 30, 2018, the CDC's total net position increased by \$55,019 or 48% compared to the previous year. This variance was related to the cash receipts of student activity fees of \$58,850 during the fiscal year ended June 30, 2018. Total assets increased by \$5,019, principally due to an increase in cash and equivalents of \$9,328, offset by a decrease in child care grants and fees receivable of \$4,309. Total liabilities decreased by \$50,000, principally due to repaying a loan from the related parties.

There were no other significant or unexpected changes in the CDC's assets and liabilities.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
Management's Discussion and Analysis, Continued

The following illustrates the CDC's net position at June 30, 2018 and 2017 by category:



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 CDC, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2018 and 2017, are as follows:

Revenue

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 58,850	58,915	(65)	(1%)
Donated services	<u>7,209</u>	<u>15,944</u>	(8,735)	(55%)
Total operating revenue	\$ <u>66,059</u>	<u>74,859</u>	(8,800)	(12%)

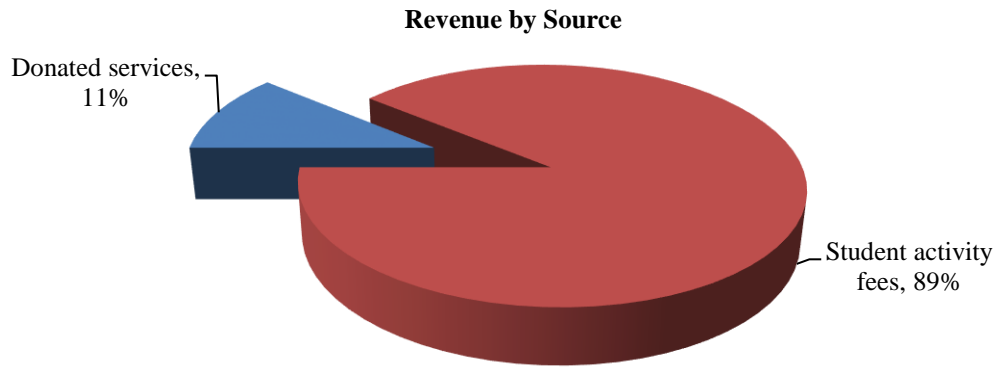
THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Management’s Discussion and Analysis, Continued

The CDC’s total revenue for fiscal year 2018 was \$66,059, a decrease of \$8,800 or 12% compared to the previous year. The major components of this variance were attributed to a decrease in donated services of \$8,735 mainly due to closing the facility.

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

The following illustrates the CDC’s revenue, by source, for the year ended June 30, 2018:



Expenses

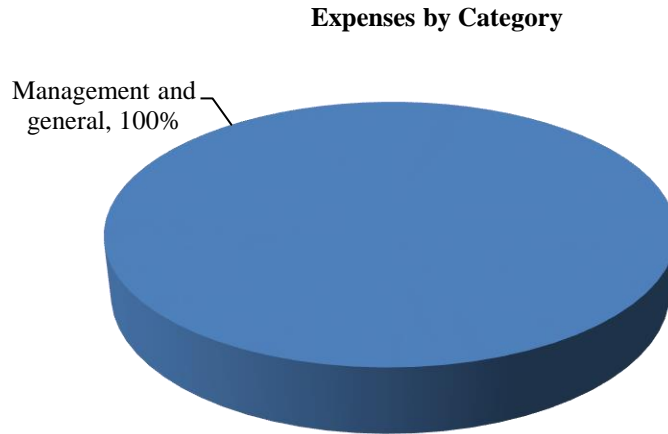
	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Child care	\$ -	4,116	(4,116)	(100%)
Management and general	<u>11,040</u>	<u>19,969</u>	<u>(8,929)</u>	(45%)
Total operating expenses	\$ <u>11,040</u>	<u>24,085</u>	<u>(13,045)</u>	(54%)

The total expenses for fiscal year 2018 were \$11,040, which was approximately 54% less than the previous year. The major components of this variance were attributed to a decrease in employee benefits of \$4,116 and donated services of \$8,929, due to closing the facility.

There were no unexpected or other significant changes in the CDC’s expenses.

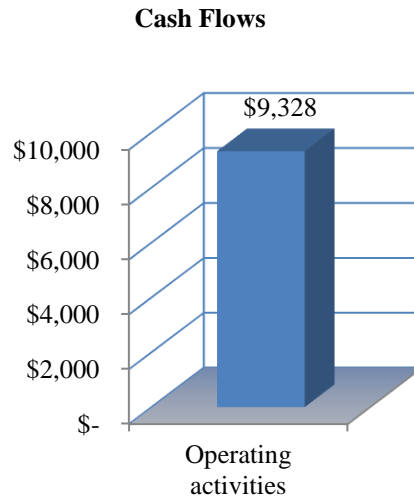
THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
Management's Discussion and Analysis, Continued

The following illustrates the CDC's expenses, by category, for the year ended June 30, 2018:



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 CDC's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the CDC's cash flows for the year ended June 30, 2018:



THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
Management's Discussion and Analysis, Continued

Economic Factors That May Affect the Future

The facility of the CDC was closed for renovations after July 1, 2015. The Board of Directors determined that dissolving the CDC and transferring the operations to the College would result in cost savings and efficiencies for the CDC. A petition to New York State Office of the Attorney General was filed to dissolve the CDC on June 21, 2018.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
 Statements of Net Position
 June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents (note 3)	\$ 139,721	130,393
Child care grants and fees receivable (note 4)	-	4,309
Total current assets	139,721	134,702
 <u>Liabilities</u>		
Current liabilities - due to related parties (note 5)	200,259	250,259
 <u>Net Position</u>		
Unrestricted	\$ (60,538)	(115,557)

See accompanying notes to financial statements.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Student activity fees	\$ 58,850	58,915
Donated services (note 6)	<u>7,209</u>	<u>15,944</u>
Total operating revenue	<u>66,059</u>	<u>74,859</u>
Operating expenses:		
Child care	-	4,116
Supporting services - management and general	<u>11,040</u>	<u>19,969</u>
Total operating expenses	<u>11,040</u>	<u>24,085</u>
Increase in net position	55,019	50,774
Net position at beginning of year	<u>(115,557)</u>	<u>(166,331)</u>
Net position at end of year	<u><u>\$ (60,538)</u></u>	<u><u>(115,557)</u></u>

See accompanying notes to financial statements.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.
 Statements of Cash Flows
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts from - student activity fees	\$ 63,159	111,675
Cash payments to/for:		
Benefits	-	(4,116)
Vendors	(3,831)	(4,025)
Other	<u>(50,000)</u>	<u>-</u>
Net cash provided by operating activities	<u>9,328</u>	<u>103,534</u>
Net increase in cash and equivalents	9,328	103,534
Cash and equivalents at beginning of year	<u>130,393</u>	<u>26,859</u>
Cash and equivalents at end of year	<u>\$ 139,721</u>	<u>130,393</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	55,019	50,774
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Changes in:		
Child care grants and fees receivable	4,309	52,760
Due to related parties	<u>(50,000)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 9,328</u>	<u>103,534</u>
Supplemental schedule of cash flow information:		
Donated services revenue	<u>\$ 7,209</u>	<u>15,944</u>
Donated professional services expenses	<u>\$ 7,209</u>	<u>15,944</u>

See accompanying notes to financial statements.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements

June 30, 2018 and 2017

(1) Nature of Organization

The City College Child Development Center, Inc. (the CDC) is a not-for-profit entity organization formed under the laws of the State of New York to serve the City College of the City University of New York (the College). The CDC only serves children of students of the College or the City University of New York (CUNY or the University). The CDC provides quality educational services in accordance with modern child development knowledge. The CDC is committed to the education of all children. The CDC is primarily supported by grants and fees.

The facility of the CDC was closed for renovations after July 1, 2015. The Board of Directors determined that dissolving the CDC and transferring operations to the College would result in cost savings and efficiencies for the CDC. A petition to New York State Office of the Attorney General was filed to dissolve the CDC on June 21, 2018.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The CDC'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 CDC is considered to be a special-purpose government 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 CDC is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The CDC'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 subject to externally imposed stipulations requiring the CDC 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 CDC or the passage of time.

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

At June 30, 2018, the CDC had no net investment in capital assets or restricted net positions.

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents

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

(d) 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) Revenue Recognition

Revenues are primarily derived from federal and state grants and tuition payments according to a fee schedule and are recognized when child care services are provided. Contributions received are recorded as restricted - non-expendable, restricted - expendable, or unrestricted, depending on the existence and or nature of any donor restrictions. Student activity fees and parent fees are recognized in the period earned. Student activity fees and parent fees collected prior to year-end, if any, relating to the first half of the summer semester of the subsequent year, are recorded as unearned revenue.

(f) Donated Services

The CDC operated on the campus of the College and utilized facilities and equipment, as well as personnel services of certain College employees. The cost savings associated with such arrangements are recorded as donated 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 services (note 6).

(g) 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.

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

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Income Taxes

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

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the CDC's deposits may not be returned in the event of a bank failure. At times, the CDC'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) Child Care Grants and Fees Receivable

Child care grants and fees receivable were \$4,309 from the student activity fees at June 30, 2017. This amount was received during the year ended June 30, 2018.

(5) Due to Related Parties

During 2013 and prior, the College maintained a general checking account for all non-tax levy monies, which included funds received and disbursed on behalf of the CDC. The CDC has a payable to the College as a result of the cumulative effect of disbursements exceeding receipts. The City College Auxiliary Enterprises Corporation also advanced a non-interest bearing loan to the CDC for general operation. Amounts due to related parties at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
The City College of the City University of New York	\$ 200,259	200,259
The City College Auxiliary Enterprises Corporation	<u> -</u>	<u> 50,000</u>
Total	\$ <u>200,259</u>	<u>250,259</u>

THE CITY COLLEGE CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(6) Donated Services

The CDC utilizes certain professional services provided by the College. The estimated value of professional services are included in revenue and expenses in the accompanying statements of revenues, expenses and changes in net position. The estimated value of professional services for the years ended June 30, 2018 and 2017 amounted to \$7,209 and \$15,944, respectively.