QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Queensborough Community College Auxiliary
Enterprise Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Queensborough Community College Auxiliary Enterprise Association, Inc. (the Auxiliary) as of and for the years ended June 30, 2017 and 2016, 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 Queensborough Community College Auxiliary Enterprise Association, Inc. as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
September 28, 2017

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Queensborough Community College (QCC) Auxiliary Enterprise Association, Inc.'s (the Auxiliary) financial position as of June 30, 2017, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Auxiliary's net position increased by $696,240 or 14%.
- Operating revenue increased by $150,949 or 8%.
- Operating expenses increased by $51,538 or 5%.

Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health or financial position. Over time, increases and decreases in the Auxiliary's net position are 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, 2017 and 2016, under the accrual basis of accounting:

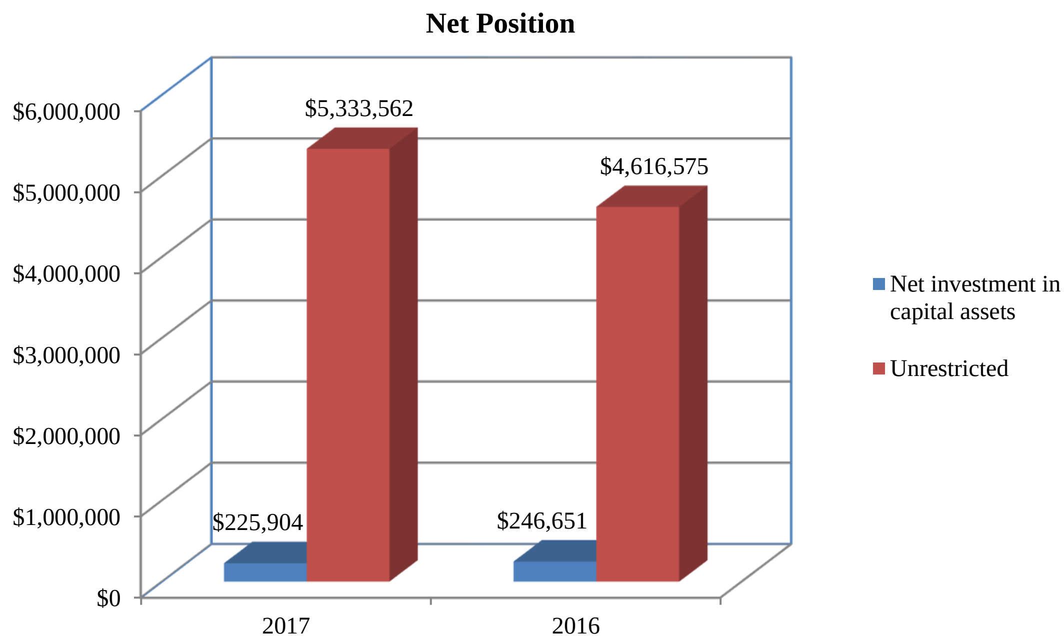
	2017	2016	Dollar change	Percent change
Assets:				
Current assets	$ 2,532,155	1,965,404	566,751	29%
Noncurrent assets	3,349,499	3,244,964	104,535	3%
Total assets	5,881,654	5,210,368	671,286	13%
Current liabilities	322,188	347,142	(24,954)	(7%)
Net position:				
Net investment in capital assets	225,904	246,651	(20,747)	(8%)
Unrestricted	5,333,562	4,616,575	716,987	16%
Total net position	$ 5,559,466	4,863,226	696,240	14%

At June 30, 2017, the Auxiliary's total assets increased by $671,286 or 13%, compared to the previous year. This variance was primarily due to an increase of $125,282 in investments and $698,900 in cash and equivalents. Prepaid expenses increased by $74,361 compared to last year while accounts and commissions receivable decreased by $170,444 and $36,066, respectively, as compared to last year.

The Auxiliary's current liabilities decreased by $24,954 or 7%, compared to the previous year. This was caused by a decrease of $31,925 in accounts payable and accrued expenses as well as a decrease of $4,786 in unearned revenue. This was partially offset by an increase of $11,757 in deposits held in custody for others related to an increase in deposits in students' TigerCard accounts.

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, 2017 and 2016 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 Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2017 and 2016 are as follows:

Revenue

	2017	2016	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 210,653	229,520	(18,867)	(8%)
Cafeteria	52,500	50,000	2,500	5%
Vending	239,978	123,730	116,248	94%
Parking fees	181,148	170,827	10,321	6%
Performing Arts Center	390,912	352,584	38,328	11%
Kupferberg Holocaust Center	66,250	49,475	16,775	34%
Royalties	259,474	242,120	17,354	7%
Facilities rental	170,170	223,885	(53,715)	(24%)
Other	281,159	268,750	12,409	5%
Donated space and services	91,834	82,238	9,596	12%
Total operating revenue	1,944,078	1,793,129	150,949	8%
Nonoperating revenue:				
Other	186,692	90,291	96,401	107%
Investment gains	125,282	67,598	57,684	85%
Total nonoperating revenue	311,974	157,889	154,085	98%
Total revenue	$ 2,256,052	1,951,018	305,034	16%

The Auxiliary's total revenue for fiscal 2017 was $2,256,052, representing an increase of $305,034 or 16%, compared to the previous year. This variance was primarily attributable to an increase in vending income of $116,248. There is also an increase of $96,401 in other non-operating income mainly due to an energy conservation initiative as well as an increase of $57,684 in investment gains due to favorable market conditions. This was partially offset by a decrease of $53,715 in facilities rental.

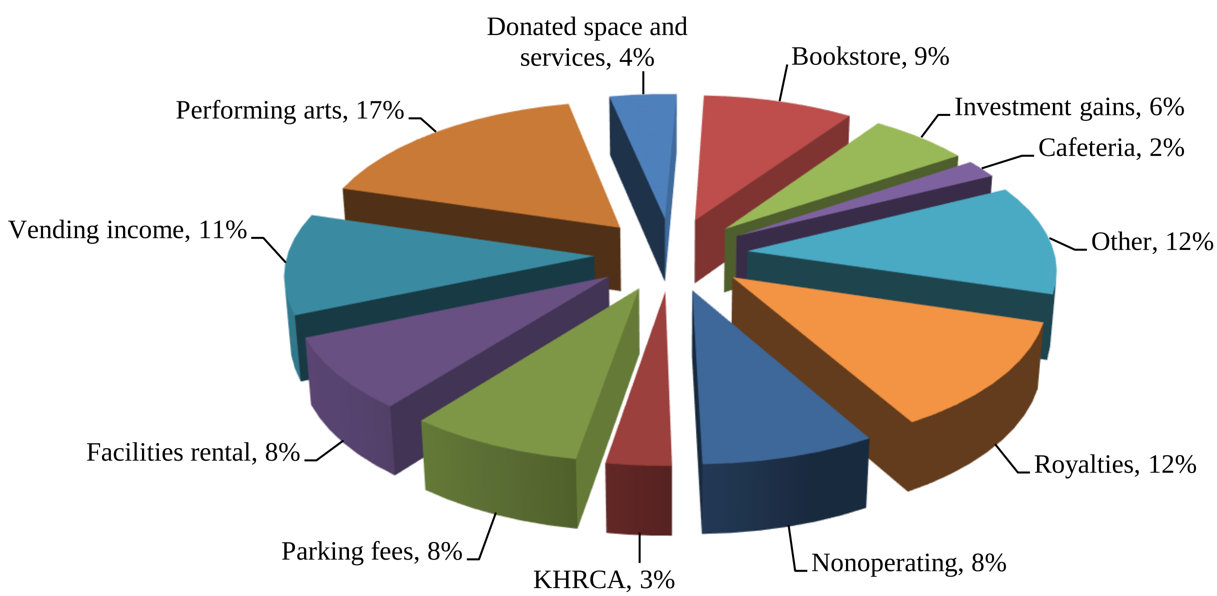
Total operating revenue increased by $150,949 overall, or 8%. Vending income increased by $116,248 or 94% primarily due to a new vending contract including snacks in addition to beverages. The Performing Arts Center had increased revenue of $38,328 or 11% due to an increase in ticket sales in the 2017 season. The increase was partially offset by a decrease of $53,715 or 24% in facilities rental revenue as a result of less one-time activity. Finally, due to lower student sales the bookstore commissions declined by $18,867 or 8%.

Bookstore commissions, performing arts, facilities rental, parking fees and other income represented 9%, 17%, 8%, 8% and 12% of total revenue, respectively, and accordingly, the Auxiliary is dependent upon this level of support to carry out its operation.

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, 2017:

Revenue by Source



Expenses

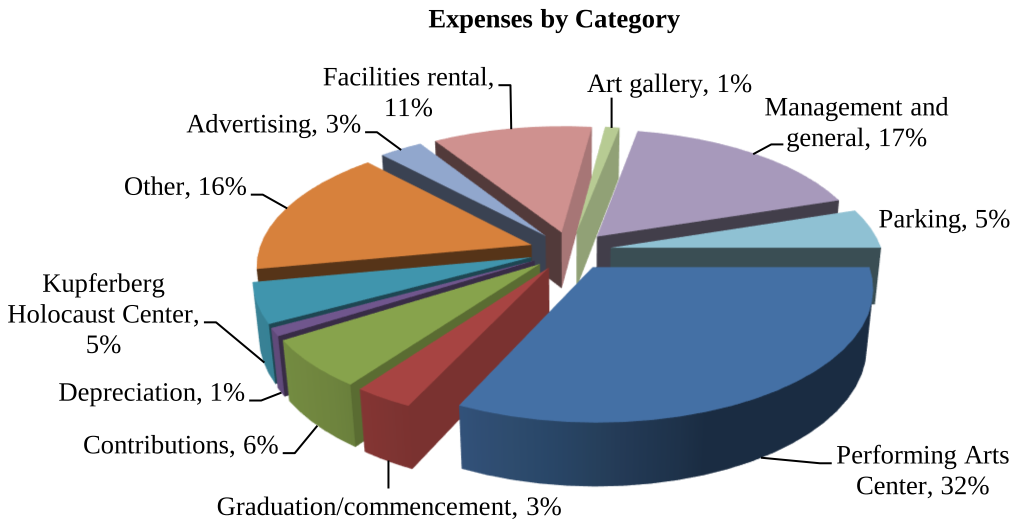
		2017	2016	Dollar change	Percent change
Operating expenses:					
Parking	$	84,084	93,560	(9,476)	(10%)
Performing Arts Center		504,969	428,201	76,768	18%
Facilities rental		168,158	171,345	(3,187)	(2%)
Art gallery		8,776	-	8,776	100%
Kupferberg Holocaust Center		70,731	46,020	24,711	54%
Management and general		257,814	283,442	(25,628)	(9%)
Depreciation		20,747	41,173	(20,426)	(50%)
Total operating expenses		1,115,279	1,063,741	51,538	5%
Nonoperating expenses:					
Advertising		42,969	121,669	(78,700)	(65%)
Graduation/commencement		41,808	32,333	9,475	29%
Contributions		100,153	70,172	29,981	43%
Other		259,603	213,865	45,738	21%
Total nonoperating expenses		444,533	438,039	6,494	1%
Total expenses	$	1,559,812	1,501,780	58,032	4%

Total expenses for fiscal 2017 were $1,559,812, an increase of $58,032 or 4%, compared to the previous year.

Operating expenses were $1,115,279, an increase of $51,538 or 5%, compared to the previous year. The increase in operating expense was primarily due to an increase of $76,768 in Performing Arts Center and $24,711 in the Kupferberg Holocaust Center. The higher expenses in Performing Arts Center were mainly attributable to an increase of $65,013 in performance fees and $5,129 in salary and wages expenses to produce higher quality shows as evidenced by the accompanying increase in ticket sales. The increase in the Kupferberg Holocaust Center expenses was mainly due to an increase of $9,725 in printing expenses and $7,825 in curatorial services expense. The increase in expenses were partially offset by a decrease of $25,628 or 9% in management and general expenses primarily due to prior year's parking lot improvements resulting in reduced maintenance.

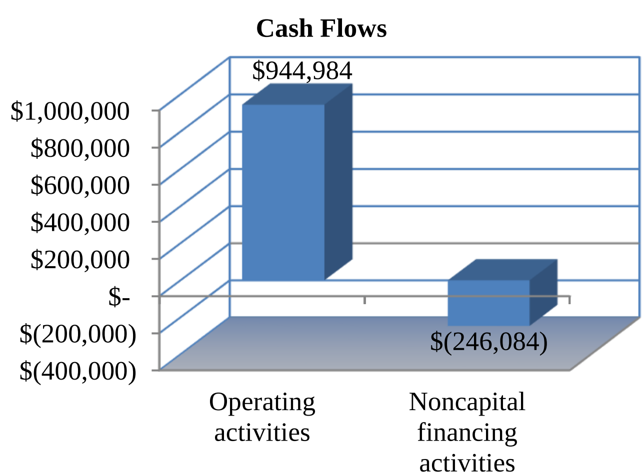
Nonoperating expenses were $444,533, an increase of $6,494 or 1% over the previous year. There was an increase of $45,738 or 21% in other nonoperating expenses, primarily due to $29,981 or a 43% increase in scholarship and faculty support contributions and an increase of $9,475 or 29% in graduation/commencement. This increase was partially offset by a decrease in advertising expenses of $78,700 or 65% including savings from the elimination of lobbying activities, now centrally managed by the University.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2017:



Cash Flows

The statements of cash flows provide 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, 2017:



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.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Net Position
June 30, 2017 and 2016

Assets	2017	2016
Current assets:		
Cash and equivalents	$ 2,376,285	1,677,385
Commissions receivable	10,826	46,892
Accounts receivable - other	41,569	212,013
Prepaid expenses	103,475	29,114
Total current assets	2,532,155	1,965,404
Investments	3,123,595	2,998,313
Noncurrent assets - capital assets, net	225,904	246,651
Total assets	5,881,654	5,210,368
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	112,030	143,955
Unearned revenue	77,361	82,147
Deposits held in custody for others, net	132,797	121,040
Total current liabilities	322,188	347,142
Net Position		
Net investment in capital assets	225,904	246,651
Unrestricted	5,333,562	4,616,575
Total net position	$ 5,559,466	4,863,226

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2017 and 2016

	2017	2016
Operating revenue:		
Commissions:		
Bookstore	$ 210,653	229,520
Cafeteria	52,500	50,000
Vending	239,978	123,730
Parking fees	181,148	170,827
Performing arts	390,912	352,584
KHRCA	66,250	49,475
Royalties	259,474	242,120
Facilities rental	170,170	223,885
Other	281,159	268,750
Donated space and services	91,834	82,238
Total operating revenue	1,944,078	1,793,129
Operating expenses:		
Parking	84,084	93,560
Performing arts	504,969	428,201
Facilities rental	168,158	171,345
Art gallery	8,776	-
KHRCA	70,731	46,020
Management and general	257,814	283,442
Depreciation	20,747	41,173
Total operating expenses	1,115,279	1,063,741
Income from operations	828,799	729,388

(Continued)

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position, Continued

	2017	2016
Nonoperating revenue (expenses):		
Other nonoperating revenue	$ 186,692	90,291
Investment gains	125,282	67,598
College related disbursements:		
Advertising	(42,969)	(121,669)
Graduation/commencement	(41,808)	(32,333)
Contributions	(100,153)	(70,172)
Other	(259,603)	(213,865)
Total nonoperating revenue (expenses), net	(132,559)	(280,150)
Increase in net position	696,240	449,238
Net position at beginning of year	4,863,226	4,413,988
Net position at end of year	$ 5,559,466	4,863,226

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 213,975	228,333
Cafeteria commissions	52,500	50,000
Vending commissions	265,842	273,419
Parking fees	182,469	170,410
Performing arts	381,287	352,584
Other	957,895	1,038,484
Cash payments to/for:		
Employees' salaries and benefits	(321,286)	(195,610)
Vendors and other disbursements	(787,698)	(602,608)
Net cash provided by operating activities	944,984	1,315,012
Cash flows from noncapital financing activities:		
College related disbursements	(184,930)	(224,174)
Deposits held in custody for others	11,757	(112,173)
Other nonoperating expenses, net	(72,911)	(123,574)
Net cash used in noncapital financing activities	(246,084)	(459,921)
Cash flows from investing activities - purchase of investments	-	(500,000)
Net increase in cash and equivalents	698,900	355,091
Cash and equivalents at beginning of year	1,677,385	1,322,294
Cash and equivalents at end of year	$ 2,376,285	1,677,385

(Continued)

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows, Continued

	2017	2016
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 828,799	729,388
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	20,747	41,173
Changes in:		
Commissions receivable	36,066	92,855
Accounts receivable - other	170,444	245,873
Prepaid expenses	(74,361)	57,849
Accounts payable and accrued expenses	(31,925)	84,263
Unearned revenue	(4,786)	63,611
Net cash provided by operating activities	$ 944,984	1,315,012
Supplemental schedule of cash flow information:		
Donated space and services revenue	$ 91,834	82,238
Donated space	4,493	4,300
Donated services	87,341	77,938
	$ 91,834	82,238

See accompanying notes to financial statements.

(1) Nature of Organization

The Queensborough Community College Auxiliary Enterprise Association, Inc. (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 Queensborough Community 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 and liabilities.

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the Auxiliary, this Statement became effective for the fiscal year beginning July 1, 2015.

- GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the Auxiliary, this Statement became effective for the fiscal year beginning July 1, 2015.

(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, 2017, 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) 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.

(2) Summary of Significant Accounting Policies, Continued

(f) Investments

Investments are reported at their fair values based on quoted market prices. Donated securities are recorded at fair value at the date of donation. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position as changes in unrestricted net position, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

(g) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of $5,000 or more. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful life of furniture and equipment is five years and 15 years for improvements.

(h) Revenue Recognition

Operating revenue is primarily derived from ticket sales for performances held in the College's theater and agreements with certain unrelated organizations to provide the College with bookstore, cafeteria, photocopy, beverage vending services and fees charged for the use of parking and other College facilities. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(i) Commissions

Bookstore commissions represent income earned under a contract with an unrelated organization to operate and maintain the campus bookstore. The terms of the original contract, effective through July 31, 2015, provided the Auxiliary with annual commissions equal to the greater of a fixed amount of $175,000 or an amount based on a percentage of the unrelated organization's sales at the campus bookstore. The terms of the original contract were extended for eight years to July 30, 2023.

Cafeteria and food 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 food services contract was extended through July 30, 2014, with an option for one two-year contract extension through July 30, 2016. The food services contract was subsequently extended for another period of three years through July 30, 2019, with a fixed annual commission of $52,500 for 2017.

A vending contract was signed with Canteen Vending Service Division as of June 9, 2014. The terms of the agreement began on January 1, 2015 with the terms being a total of five years ending December 31, 2019.

(2) Summary of Significant Accounting Policies, Continued

(j) Royalties

Royalties represent agreements to provide locations for wireless providers with Sprint, Verizon and T-Mobile; and pouring rights royalties from Pepsi-Cola Bottling Company of New York, Inc. The terms of the T-Mobile contract, which expired on September 29, 2016 will continue on a month to month basis until further contract negotiations. The terms of the Sprint contract, which expired on November 18, 2016, will continue on a month to month basis until further contract negotiations. The terms of the Verizon agreement, which expires March 22, 2019, provides a monthly fee of $4,805 from July 2016 to January 2017 and $4,949 from February 2017 to June 2017 ($58,380 per year). All wireless agreements provide that the fee each year shall be increased by an amount equal to 103% of the annual fee for the immediately preceding year. The terms of the Pepsi-Cola Bottling Company of New York, Inc. contract, which expires on July 1, 2023, provide the Auxiliary with an annual royalty in the amount $60,000 plus an annual donation to the QCC Fund, Inc. a related entity.

(k) 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 use of the space was valued at $4,493 and $4,300 for the years ended June 30, 2017 and 2016, respectively. Donated services of $87,341 and $77,938 for the years ended June 30, 2017 and 2016, respectively, represent a portion of the accountant's salary and that of the Finance Manager attributable to functions performed by the Auxiliary, and is included in revenue and management and general expenses in the accompanying statements of revenue, expenses and changes in net position.

(l) 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.

(m) 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.

(2) Summary of Significant Accounting Policies, Continued

(n) 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.

(o) 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.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Auxiliary's deposits may not be returned in the event of a bank failure. At June 30, 2017, $2,176,547 of the Auxiliary's bank balance of $2,426,547 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Investments

At July 30, 2017 and 2016, the Auxiliary had the following investments:

	2017	2016
Cash and equivalents	$ -	952
Equity securities	-	905,547
Mutual funds	3,123,595	2,091,814
Total investments	$ 3,123,595	2,998,313

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Auxiliary will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2017 and 2016, the Auxiliary's entire investment portfolio balance of $3,123,595 and $2,998,313, respectively, was not exposed to any custodial credit risk, as it was insured through the Securities Investor Protection Corporation in the amount of $500,000 and through an insurance company, which provides an additional supplemental protection of up to $49.5 million of cash loss per client.

(4) Investments, Continued

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Auxiliary has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 inputs must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Auxiliary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Auxiliary's assets at fair value as of June 30, 2017 and 2016:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 3,123,595	-	-	3,123,595

(4) Investments, Continued

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 952	-	-	952
Equity securities	905,547	-	-	905,547
Mutual funds	1,211,728	880,086	-	2,091,814
	$ 2,118,227	880,086	-	2,998,313

(5) Capital Assets

At June 30, 2017 and 2016 capital assets consisted of the following:

	2017			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	$ 39,060	-	-	39,060
Parking lot improvements	407,745	-	-	407,745
Vehicles	199,492	-	-	199,492
Campus improvement	66,095	-	-	66,095
	712,392	-	-	712,392
Less accumulated depreciation	(465,741)	(20,747)	-	(486,488)
Capital assets, net	$ 246,651	(20,747)	-	225,904

	2016			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	$ 39,060	-	-	39,060
Parking lot improvements	407,745	-	-	407,745
Vehicles	199,492	-	-	199,492
Campus improvement	66,095	-	-	66,095
	712,392	-	-	712,392
Less accumulated depreciation	(424,568)	(41,173)	-	(465,741)
Capital assets, net	$ 287,824	(41,173)	-	246,651

(6) Deposits Held in Custody for Others

Deposits held in custody for others represent funds which are held by the Auxiliary on behalf of certain groups related to the College. These funds are payable on demand.

(7) Related Party Transactions

The Auxiliary entered into transactions with the Research Foundation of the City University of New York and certain other College entities related to reimbursement for payroll, healthcare and other fringe benefits provided to the Auxiliary. During the years ended June 30, 2017 and 2016, the Auxiliary paid the Research Foundation and other College entities $55,380 and $58,552, respectively, for these costs which covered administrative employees.

(8) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Auxiliary.

GASB Statement No. 85 - "Omnibus 2017." This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 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.

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

GASB Statement No. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in-substance defeasances occurring through repayment of debt from existing sources. The requirements of this Statement are effective for reporting periods 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.

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