QUEENSBOROUGH COMMUNITY COLLEGE AUXILIARY ENTERPRISE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2019

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Queensborough Community College (QCC) Auxiliary Enterprise Association, Inc.'s (the Auxiliary) financial position as of June 30, 2019, and changes in its net assets 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 assets increased by $490,721 or 8%.
- Operating revenue decreased by $318,111 or 14%.
- Operating expenses increased by $60,485 or 5%.

Financial Position

The Auxiliary's net asset, 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 assets are one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities and net assets as of June 30, 2019 and 2018, under the accrual basis of accounting:

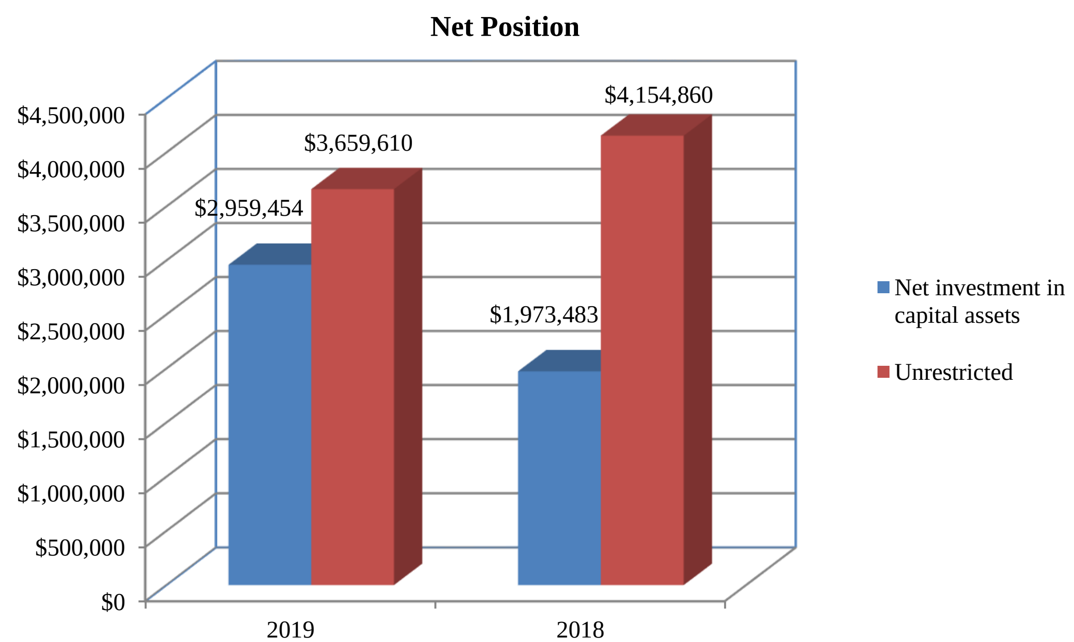
	2019	2018	Dollar change	Percent change
Assets:				
Current assets	$ 1,892,698	1,561,182	331,516	21%
Noncurrent assets - capital assets	5,162,524	5,100,138	62,386	1%
Total assets	7,055,222	6,661,320	393,902	6%
Current liabilities	436,158	532,977	(96,819)	(18%)
Net assets:				
Net investment in capital assets	2,959,454	1,973,483	985,971	50%
Unrestricted	3,659,610	4,154,860	(495,250)	(12%)
Total net assets	$ 6,619,064	6,128,343	490,721	8%

At June 30, 2019, the Auxiliary's total assets increased by $393,902 or 6%, compared to the previous year. This variance was primarily attributable to an increase of $319,995 or 478% in other accounts receivable. This increase was mainly due to a payment of $289,430 for the Digital Recording Studio project, which will be reimbursed by the State.

The Auxiliary's current liabilities decreased by $96,819 or 18%, compared to the previous year. This was mainly due to a decrease of $188,719 or 73% in accounts payable and accrued expenses. The decrease was primarily attributable to $155,600 expense incurred in production and posting of bus and rail posters for the College in FY 2018. There was no such campaign in FY 2019. There was also a decrease of $17,434 or 25% in unearned revenue primarily due to realization of $16,007 of the amortized sign on bonus for the 5-year Canteen contract. The decreases were offset by a $109,334 increase in deposits held in custody for others.

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

The following illustrates the Auxiliary's net assets at June 30, 2019 and 2018 by category:



Statements of Revenue, Expenses and Changes in Net Assets

The statements of revenue, expenses and changes in net assets 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, 2019 and 2018 are as follows:

Revenue

	2019	2018	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 170,491	194,679	(24,188)	(12%)
Cafeteria	57,500	55,000	2,500	5%
Vending income	325,377	303,742	21,635	7%
Parking fees	210,427	262,358	(51,931)	(20%)
Performing arts	341,316	454,529	(113,213)	(25%)
Kupferberg Holocaust Center	171,000	155,500	15,500	10%
Royalties	265,168	272,541	(7,373)	(3%)
Facilities rental	33,290	203,974	(170,684)	(84%)
Other	340,629	324,945	15,684	5%
Donated space and services	86,470	92,511	(6,041)	(7%)
Total operating revenue	2,001,668	2,319,779	(318,111)	(14%)
Nonoperating revenue:				
Other	134,501	147,500	(12,999)	(9%)
Investment gains	79,239	3,060	76,179	2,490%
Total nonoperating revenue	213,740	150,560	63,180	42%
Total revenue	$ 2,215,408	2,470,339	(254,931)	(10%)

The Auxiliary's total revenue for fiscal 2019 was $2,215,408, representing a decrease of $254,931 or 10%, compared to the previous year. The Auxiliary's operating revenue decreased by $318,111 or 14% including decreases in bookstore commission, parking fees, performing arts revenue as well as facilities rental revenue. The operating revenue decrease was partially offset by an increase of $21,635 or 7%, in vending commission. There was also an increase of $15,500 or 10%, in revenue for Kupferberg Holocaust Center (KHC) as well as $15,684 or 5%, in other revenue due to an increase in grants.

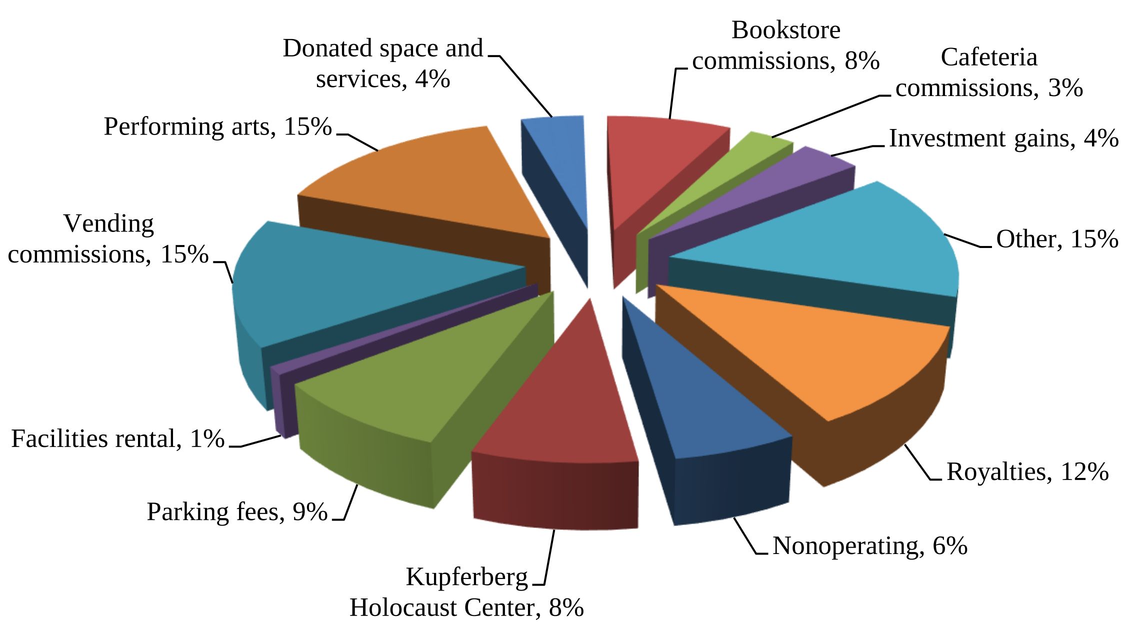
Bookstore commission decrease by $24,188 or 12%, primarily as a result of competition from online providers. Performing Art Center's revenue decreased by $113,213 or 25%, as the theater is closed for renovation. This also resulted in a decrease of $170,684 or 84%, in facilities rental revenue. Parking revenue dropped by $51,931 or 20%, primarily due to lower enrollment in the Spring term. The decrease in revenue was partially offset by an increase of $21,635 or 7%, in vending commission and an increase in grants of $15,500 or 10%, to KHC as well as $15,684 or 5%, to other revenue, respectively.

Bookstore commissions, performing arts, parking fees and other income represented 8%, 15%, 9% and 14% 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, 2019:

Revenue by Source



Expenses

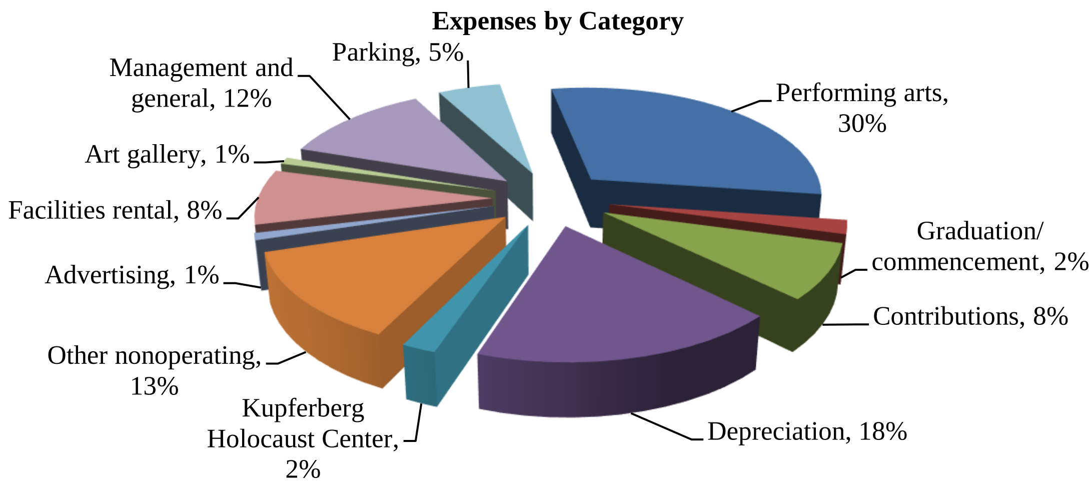
	2019	2018	Dollar change	Percent change
Operating expenses:				
Parking	$ 91,269	251,842	(160,573)	(64%)
Performing arts	513,595	521,086	(7,491)	(1%)
Facilities rental	134,254	162,797	(28,543)	(18%)
Art gallery	10,072	4,087	5,985	146%
Kupferberg Holocaust Center	47,159	59,644	(12,485)	(21%)
Management and general	206,689	234,786	(28,097)	(12%)
Depreciation	316,652	24,963	291,689	1,168%
Total operating expenses	1,319,690	1,259,205	60,485	5%
Nonoperating expenses:				
Advertising	260	168,929	(168,669)	(99%)
Graduation/commencement	40,527	81,957	(41,430)	(51%)
Contributions	134,776	133,051	1,725	1%
Other	229,434	258,320	(28,886)	(11%)
Total nonoperating expenses	404,997	642,257	(237,260)	(37%)
Total expenses	$ 1,724,687	1,901,462	(176,775)	(9%)

Total expenses for fiscal 2019 were $1,724,687, a decrease of $176,775 or 9%, compared to the previous year.

Operating expenses were $1,319,690, an increase of $60,485 or 5%, compared to the previous year. The increase in operating expenses was primarily due to an increase of $291,689 in depreciation expense on the parking lot renovation in FY 2019—the most significant capital improvement investment in more than 20 years to the facility. The increase was partially offset by a decrease of $160,573 or 64%, in parking lot maintenance expenses as a result of the parking lot renovation. Management and general expenses also decreased by $28,097 or 12%, as a result of a decrease in software licensing fees. Facilities rental expense decreased by $28,543 or 18%, as the theater is closed for renovation.

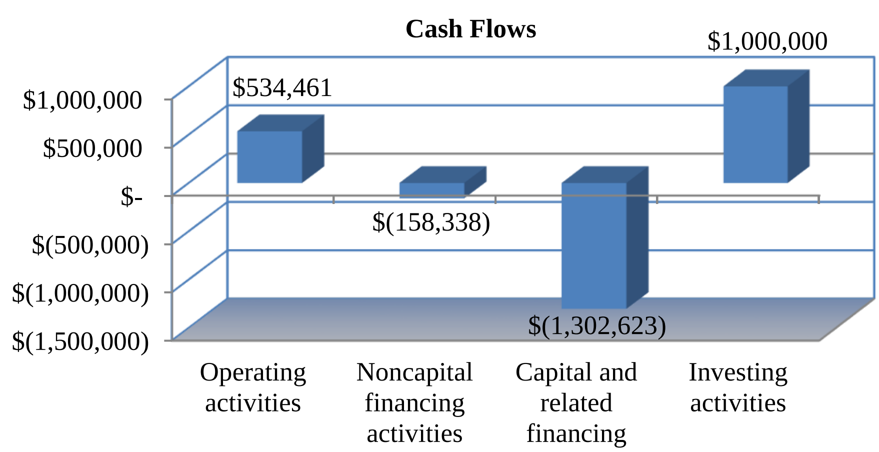
Nonoperating expenses were $404,997, a decrease of $237,260 or 37%, over the previous year. There was a decrease of $168,669 or 99%, in advertising expenses mainly attributable to the production and posting of the College train and bus posters in FY 2018. The FY 2019 College marketing campaign was smaller in scope and charged to tax levy. There was also a decrease of $28,886 or 11%, in other nonoperating expenses primarily due to a decrease in the Summer Milestone scholarship awards granted. Graduation/commencement expenses decreased by $41,430 or 51%, mainly due to a decrease of $41,792 in tent and sound equipment rental expenses paid for in FY 2109 by tax levy.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2019:



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, 2019:



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, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and equivalents	$ 1,378,927	1,305,427
Commissions receivable	7,939	110,166
Accounts receivable - other	386,990	66,995
Prepaid expenses	118,842	78,594
Total current assets	1,892,698	1,561,182
Investments	2,203,070	3,126,655
Capital assets, net	2,959,454	1,973,483
Total assets	7,055,222	6,661,320
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	68,570	257,289
Unearned revenue	53,723	71,157
Deposits held in custody for others, net	313,865	204,531
Total current liabilities	436,158	532,977
Net Position		
Net investment in capital assets	2,959,454	1,973,483
Unrestricted	3,659,610	4,154,860
Total net position	$ 6,619,064	6,128,343

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, 2019 and 2018

	2019	2018
Operating revenue:		
Commissions:		
Bookstore	$ 170,491	194,679
Cafeteria	57,500	55,000
Vending	325,377	303,742
Parking fees	210,427	262,358
Performing arts	341,316	454,529
Kupferberg Holocaust Center	171,000	155,500
Royalties	265,168	272,541
Facilities rental	33,290	203,974
Other	340,629	324,945
Donated space and services	86,470	92,511
Total operating revenue	2,001,668	2,319,779
Operating expenses:		
Parking	91,269	251,842
Performing arts	513,595	521,086
Facilities rental	134,254	162,797
Art gallery	10,072	4,087
Kupferberg Holocaust Center	47,159	59,644
Management and general	206,689	234,786
Depreciation	316,652	24,963
Total operating expenses	1,319,690	1,259,205
Income from operations	681,978	1,060,574

(Continued)

See accompanying notes to financial statements.

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

	2019	2018
Nonoperating revenue (expenses):		
Other nonoperating revenue	$ 134,501	147,500
Investment gains	79,239	3,060
College related disbursements:		
Advertising	(260)	(168,929)
Graduation/commencement	(40,527)	(81,957)
Contributions	(134,776)	(133,051)
Other	(229,434)	(258,320)
Total nonoperating revenue (expenses), net	(191,257)	(491,697)
Change in net position	490,721	568,877
Net position at beginning of year	6,128,343	5,559,466
Net position at end of year	$ 6,619,064	6,128,343

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 163,679	204,759
Cafeteria commissions	57,500	55,000
Vending commissions	301,906	196,130
Parking fees	209,000	272,061
Performing arts	345,808	459,662
Other	602,103	908,686
Cash payments to/for:		
Employees' salaries and benefits	(282,661)	(219,462)
Vendors and other disbursements	(862,874)	(752,129)
Net cash provided by operating activities	534,461	1,124,707
Cash flows from noncapital financing activities:		
College related disbursements	(175,563)	(383,938)
Deposits held in custody for others	109,334	71,734
Other nonoperating expenses, net	(92,109)	(110,819)
Net cash used in noncapital financing activities	(158,338)	(423,023)
Cash flows from capital and related activities - purchase of capital assets	(1,302,623)	(1,772,542)
Cash flows from investing activities - sales of investments	1,000,000	-
Net change in cash and equivalents	73,500	(1,070,858)
Cash and equivalents at beginning of year	1,305,427	2,376,285
Cash and equivalents at end of year	$ 1,378,927	1,305,427

(Continued)

See accompanying notes to financial statements.

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

	2019	2018
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 681,978	1,060,574
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	316,652	24,963
Changes in:		
Commissions receivable	102,227	(99,340)
Accounts receivable - other	(319,995)	(25,426)
Prepaid expenses	(40,248)	24,881
Accounts payable and accrued expenses	(188,719)	145,259
Unearned revenue	(17,434)	(6,204)
Net cash provided by operating activities	$ 534,461	1,124,707
Supplemental schedule of cash flow information:		
Donated space and services revenue	$ 86,470	92,511
Donated space	4,782	4,493
Donated services	81,688	88,018
	$ 86,470	92,511

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) 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, 2019, the Auxiliary had no restricted net position.

(c) Cash and Equivalents

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

(2) Summary of Significant Accounting Policies, Continued

(d) Receivables

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(e) Investments

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.

(f) 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.

(g) 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.

(h) 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.

(2) Summary of Significant Accounting Policies, Continued

(h) Commissions, Continued

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 $57,500 and $55,000 for the years ended June 30, 2019 and 2018, respectively. The contract was subsequently extended for a period of two years.

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.

(i) 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 expired on March 22, 2019, will continue on a month to month basis until further contract negotiations. 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 guaranteed annual royalty in the amount $60,000 plus an annual donation to the QCC Fund, Inc., a related entity.

(j) 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 $4,782 and $4,493 for the years ended June 30, 2019 and 2018, respectively. Donated services of $81,688 and $88,018 for the years ended June 30, 2019 and 2018, 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.

(k) 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.

(2) Summary of Significant Accounting Policies, Continued

(l) 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.

(m) Subsequent Events

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

(n) 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, 2019, $1,161,528 of the Auxiliary's bank balance of $1,411,528 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Investments

At June 30, 2019 and 2018, the Auxiliary had investments in mutual funds in the amounts of $2,203,070 and $3,126,655, respectively.

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, 2019 and 2018, the Auxiliary's entire investment portfolio balance of $2,203,070 and $3,126,655, 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, 2019.

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, 2019 and 2018:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,203,070	-	-	2,203,070

(4) Investments, Continued

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 3,126,655	-	-	3,126,655

(5) Capital Assets

At June 30, 2019 and 2018 capital assets consisted of the following:

	2019			
	Beginning balance	Additions	Disposals/ reclassifications	Ending balance
Construction in progress	$ 1,109,400	-	(1,109,400)	-
Furniture and equipment	268,900	-	-	268,900
Parking lot improvements	528,822	1,244,155	1,109,400	2,882,377
Vehicles	199,492	-	-	199,492
Campus improvement	378,320	58,468	-	436,788
	2,484,934	1,302,623	-	3,787,557
Less accumulated depreciation	(511,451)	(316,652)	-	(828,103)
Capital assets, net	$ 1,973,483	985,971	-	2,959,454

	2018			
	Beginning balance	Additions	Disposals	Ending balance
Construction in progress	$ -	1,109,400	-	1,109,400
Furniture and equipment	39,060	229,840	-	268,900
Parking lot improvements	407,745	121,077	-	528,822
Vehicles	199,492	-	-	199,492
Campus improvement	66,095	312,225	-	378,320
	712,392	1,772,542	-	2,484,934
Less accumulated depreciation	(486,488)	(24,963)	-	(511,451)
Capital assets, net	$ 225,904	1,747,579	-	1,973,483

(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, 2019 and 2018, the Auxiliary paid the Research Foundation and other College entities $59,304 and $60,618, respectively, for these costs which covered administrative employees.

(8) Accounting Standards Issued But Not Yet Implemented

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. 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.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred Before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 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.

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

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.