QUEENSBOROUGH COMMUNITY COLLEGE AUXILIARY ENTERPRISE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

Table of Contents

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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, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Auxiliary's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Auxiliary's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Queensborough Community College Auxiliary Enterprise Association, Inc. as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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
September 24, 2020

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2020 and 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, 2020, 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 decreased by $233,358 or 4%.
- Operating revenue decreased by $428,880 or 21%.
- Operating expenses increased by $271,484 or 21%.

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, 2020 and 2019, under the accrual basis of accounting:

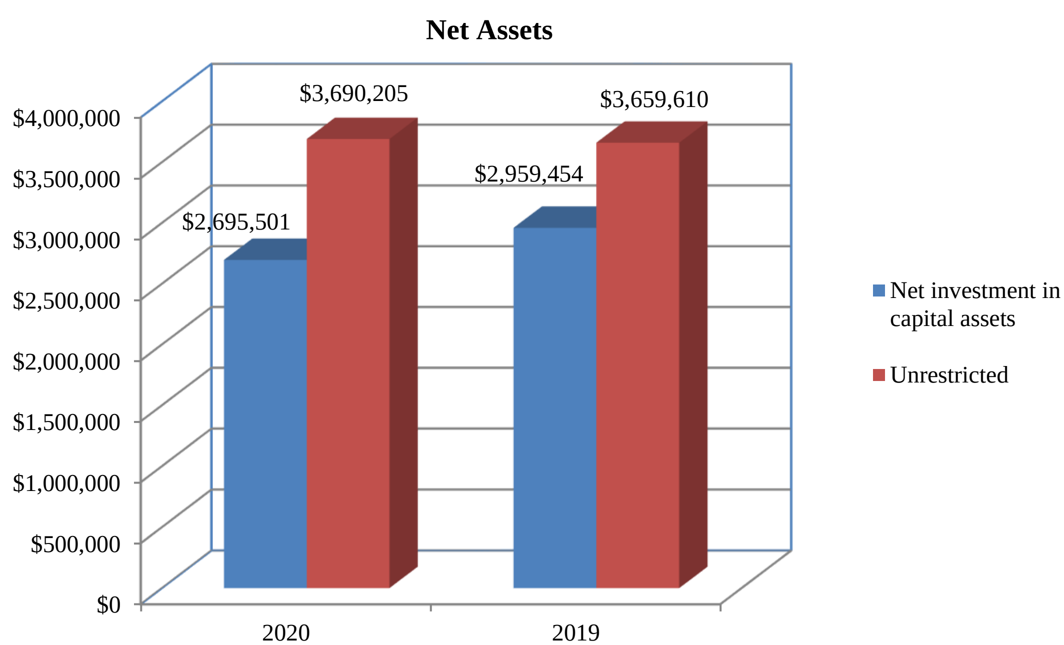
	2020	2019	Dollar change	Percent change
Assets:				
Current assets	$ 1,168,834	1,892,698	(723,864)	(38%)
Noncurrent assets	5,486,996	5,162,524	324,472	6%
Total assets	6,655,830	7,055,222	(399,392)	(6%)
Liabilities	270,124	436,158	(166,034)	(38%)
Net assets:				
Net investment in capital assets	2,695,501	2,959,454	(263,953)	(9%)
Unrestricted	3,690,205	3,659,610	30,595	1%
Total net assets	$ 6,385,706	6,619,064	(233,358)	(4%)

At June 30, 2020, the Auxiliary's total assets decreased by $399,392 or 6%, compared to the previous year. This variance was primarily attributable to a decrease of $378,604 or 27% in cash and equivalents mainly as a result of the $534,000 wire to CUNY Treasury to reimburse for professional services and other fringe benefit expenses. There was also a decrease of $326,465 or 84% in accounts receivable mainly as a result of the payoff of the Digital Video Recording Capital Project funded by the Auxiliary and accrued in fiscal year 2019 while awaiting reimbursement from DASNY. Noncurrent assets - capital dropped by $263,953 or 9% as a result of depreciation on major parking lot improvement in fiscal year 2019.

The Auxiliary's liabilities decreased by $166,034 or 38%, compared to the previous year. This was mainly due to a decrease of $92,211 or 29% in deposits held in custody for others as the amount transferred to the Auxiliary payroll account was reduced. There was also a decrease of $53,723 of unearned revenue as a result of realization of deferred revenue.

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, 2020 and 2019 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, 2020 and 2019 are as follows:

Revenue

	2020	2019	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 134,405	170,491	(36,086)	(21%)
Cafeteria	17,500	57,500	(40,000)	(70%)
Vending income	190,381	325,377	(134,996)	(41%)
Parking fees	354,291	210,427	143,864	68%
Performing arts	165,227	341,316	(176,089)	(52%)
Kupferberg Holocaust Center	70,000	171,000	(101,000)	(59%)
Royalties	268,315	265,168	3,147	1%
Facilities rental	3,060	33,290	(30,230)	(91%)
Other	320,067	340,629	(20,562)	(6%)
Donated space and services	49,542	86,470	(36,928)	(43%)
Total operating revenue	1,572,788	2,001,668	(428,880)	(21%)
Nonoperating revenue:				
Other	71,436	134,501	(63,065)	(47%)
Investment gains	91,112	79,239	11,873	15%
Total nonoperating revenue	162,548	213,740	(51,192)	(24%)
Total revenue	$ 1,735,336	2,215,408	(480,072)	(22%)

The Auxiliary's total revenue for the year ended June 30, 2020 was $1,735,336 representing a decrease of $480,072 or 22%, compared to the previous year. The Auxiliary operating revenue decreased by $428,880 or 21% including decrease in bookstore commission, vending income, performing arts as well as Kupferberg Holocaust Center (KHC) revenue. The operating revenue decrease was partially offset by an increase in parking revenue.

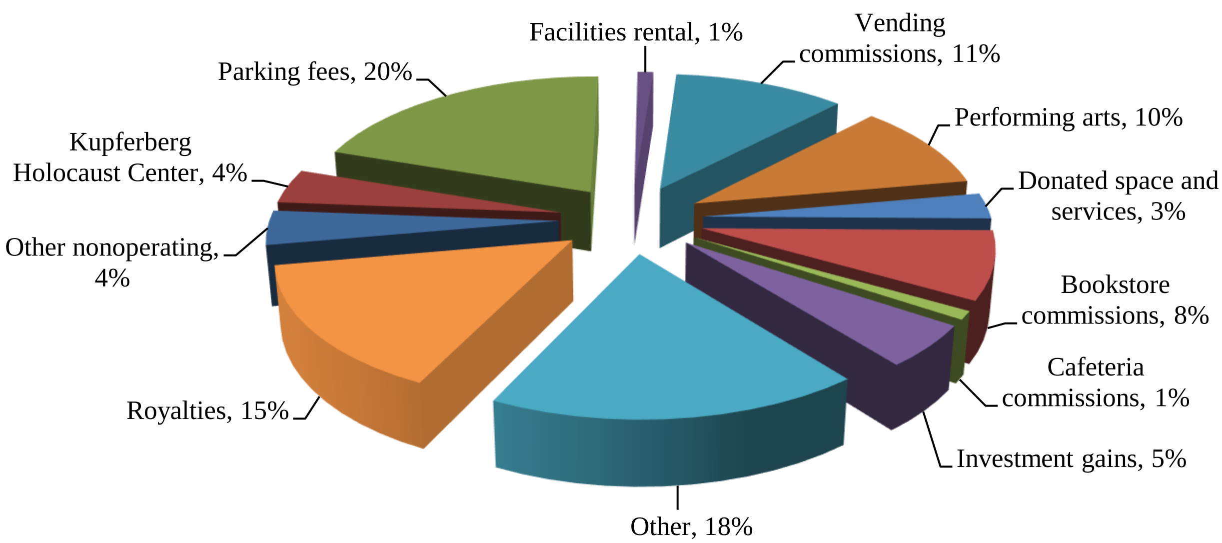
Overall, the suspension of campus activity due to COVID-19 and the conversion to a 100% distance learning modality has had a negative effect on the Auxiliary recurring income opportunities and expenses. Bookstore commission decreased by $36,086 or 21%, primarily as a result of the continued increased in competition from online providers. The Performing Art Center's revenue decreased by $176,089 or 52%, as the theater is closed for renovation and delayed due to COVID-19. In addition, the suspension of campus activities in March 2020 resulted in a decrease of $134,996 or 41%, in vending income. Finally, KHC revenue had a decline in legislative support of $101,000 or 59%. The decrease in revenue was partially offset by an increase of $143,864 or 68%, in parking revenue. This was due to the under-recognition of revenue from a newly automated parking gate not captured in prior years and which remained on the Auxiliary statements of net position as a payable.

Bookstore commissions, performing arts, facilities rental, parking fees and other income represented 8%, 10%, 1%, 20% and 18% 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, 2020:

Revenue by Source



Expenses

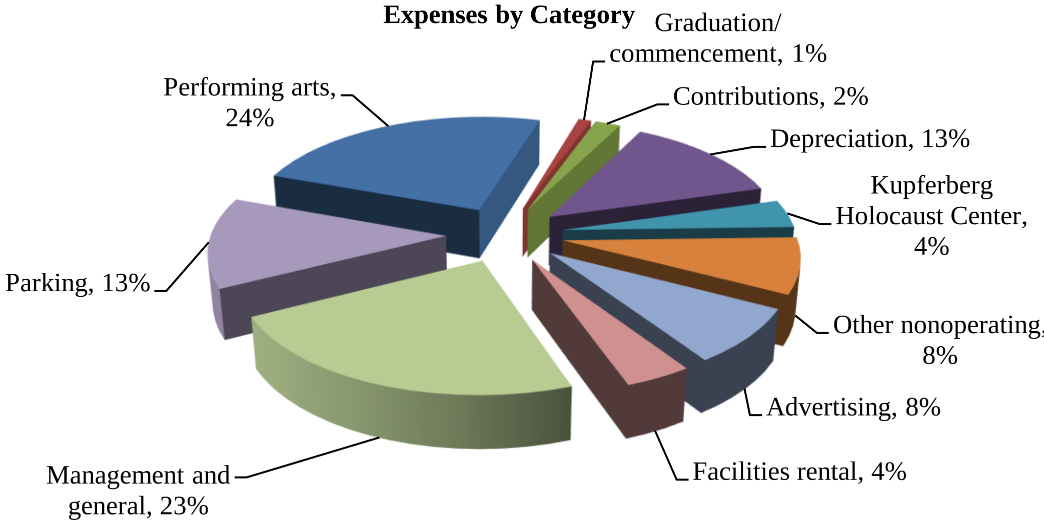
	2020	2019	Dollar change	Percent change
Operating expenses:				
Parking	$ 247,026	91,269	155,757	171%
Performing arts	480,118	513,595	(33,477)	(7%)
Facilities rental	76,488	134,254	(57,766)	(43%)
Art gallery	-	10,072	(10,072)	(100%)
Kupferberg Holocaust Center	67,995	47,159	20,836	44%
Management and general	455,594	206,689	248,905	120%
Depreciation	263,953	316,652	(52,699)	(17%)
Total operating expenses	1,591,174	1,319,690	271,484	21%
Nonoperating expenses:				
Advertising	157,010	260	156,750	60,288%
Graduation/commencement	26,417	40,527	(14,110)	(35%)
Contributions	29,769	134,776	(105,007)	(78%)
Other	164,324	229,434	(65,110)	(28%)
Total nonoperating expenses	377,520	404,997	(27,477)	(7%)
Total expenses	$ 1,968,694	1,724,687	244,007	14%

Total expenses for fiscal 2020 were $1,968,694, an increase of $244,007 or 14%, compared to the previous year.

Operating expenses were $1,591,174, an increase of $271,484 or 21%, compared to the previous year. The increase in operating expense was primarily due to an increase of $248,905 or 120% in management and general expenses due to Auxiliary labor reimbursements to QCC tax levy accounts for services provided pursuant to an Memorandum of Understanding (MOU) with the College and in accordance with the CUNY policies and procedures for the Auxiliary Related Entities. There was also an increase of $155,757 or 171% in parking expenses as the Auxiliary reimbursed QCC for parking lot security expenses for both fiscal year 2019 and 2020.

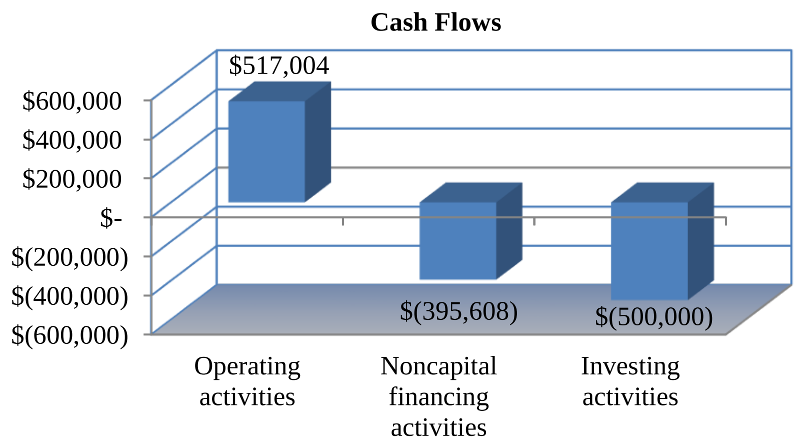
Nonoperating expenses were $377,520, a decrease of $27,477 or 7% less than the previous year. There was a decrease of $105,007 or 78% in contributions expenses and $65,110 or 28% in other expenses mainly attributable to COVID-19. The decrease was partially offset by an increase of $156,750 in advertising expenses as a result of campaign to boost student enrollment.

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



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, 2020:



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, and COVID-19 whose effect is not presently determinable.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Net Position
June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and equivalents	$ 1,000,323	1,378,927
Commissions receivable	29,032	7,939
Accounts receivable - other	60,525	386,990
Prepaid expenses	78,954	118,842
Total current assets	1,168,834	1,892,698
Investments	2,791,495	2,203,070
Capital assets, net	2,695,501	2,959,454
Total assets	6,655,830	7,055,222
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	48,470	68,570
Unearned revenue	-	53,723
Deposits held in custody for others, net	221,654	313,865
Total current liabilities	270,124	436,158
Net Position		
Net investment in capital assets	2,695,501	2,959,454
Unrestricted	3,690,205	3,659,610
Total net position	$ 6,385,706	6,619,064

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, 2020 and 2019

	2020	2019
Operating revenue:		
Commissions:		
Bookstore	$ 134,405	170,491
Cafeteria	17,500	57,500
Vending	190,381	325,377
Parking fees	354,291	210,427
Performing arts	165,227	341,316
Kupferberg Holocaust Center	70,000	171,000
Royalties	268,315	265,168
Facilities rental	3,060	33,290
Other	320,067	340,629
Donated space and services	49,542	86,470
Total operating revenue	1,572,788	2,001,668
Operating expenses:		
Parking	247,026	91,269
Performing arts	480,118	513,595
Facilities rental	76,488	134,254
Art gallery	-	10,072
Kupferberg Holocaust Center	67,995	47,159
Management and general	455,594	206,689
Depreciation	263,953	316,652
Total operating expenses	1,591,174	1,319,690
Income (loss) from operations	(18,386)	681,978

(Continued)

See accompanying notes to financial statements.

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

	2020	2019
Nonoperating revenue (expenses):		
Other nonoperating revenue	$ 71,436	134,501
Investment gains	91,112	79,239
College related disbursements:		
Advertising	(157,010)	(260)
Graduation/commencement	(26,417)	(40,527)
Contributions	(29,769)	(134,776)
Other	(164,324)	(229,434)
Total nonoperating revenue (expenses), net	(214,972)	(191,257)
Change in net position	(233,358)	490,721
Net position at beginning of year	6,619,064	6,128,343
Net position at end of year	$ 6,385,706	6,619,064

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 141,217	163,679
Cafeteria commissions	17,500	57,500
Vending commissions	273,443	301,906
Parking fees	326,575	209,000
Performing arts	165,227	345,808
Other	850,933	602,103
Cash payments to/for:		
Employees' salaries and benefits	(445,899)	(282,661)
Vendors and other disbursements	(811,992)	(862,874)
Net cash provided by operating activities	517,004	534,461
Cash flows from noncapital financing activities:		
College related disbursements	(213,196)	(175,563)
Deposits held in custody for others	(92,211)	109,334
Other nonoperating expenses, net	(90,201)	(92,109)
Net cash used in noncapital financing activities	(395,608)	(158,338)
Cash flows from capital and related activities - purchase of capital assets	-	(1,302,623)
Cash flows from investing activities:		
Purchases of investments	(500,000)	-
Sales of investments	-	1,000,000
Net cash provided by (used in) investing activities	(500,000)	1,000,000
Net change in cash and equivalents	(378,604)	73,500
Cash and equivalents at beginning of year	1,378,927	1,305,427
Cash and equivalents at end of year	$ 1,000,323	1,378,927

(Continued)

See accompanying notes to financial statements.

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

	2020	2019
Reconciliation of income from operations to net cash provided by operating activities:		
Income (loss) from operations	$ (18,386)	681,978
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	263,953	316,652
Changes in:		
Commissions receivable	(21,093)	102,227
Accounts receivable - other	326,465	(319,995)
Prepaid expenses	39,888	(40,248)
Accounts payable and accrued expenses	(20,100)	(188,719)
Unearned revenue	(53,723)	(17,434)
Net cash provided by operating activities	$ 517,004	534,461

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, 2020, 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 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 has been extended through July 30, 2021. The contract provided a fixed annual commission of $17,500 and $57,500 for the years ended June 30, 2020 and 2019, respectively.

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, and is now operating on a month-to-month basis.

(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 $4,975 and $4,782 for the years ended June 30, 2020 and 2019, respectively. Donated services of $44,567 and $81,688 for the years ended June 30, 2020 and 2019, 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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Auxiliary and its future results and financial position is not presently determinable.

(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, 2020, $812,161 of the Auxiliary's bank balance of $1,062,161 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Investments

At June 30, 2020 and 2019, the Auxiliary had investments in the amount of $2,791,495 and $2,203,070, respectively.

(4) Investments, Continued

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, 2020 and 2019, the Auxiliary's entire investment portfolio 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.

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, 2020.

(4) Investments, Continued

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, 2020 and 2019:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash	$ 3,377	-	-	3,377
Mutual funds	2,561,609	-	-	2,561,609
Equity securities	226,509	-	-	226,509
	$ 2,791,495	-	-	2,791,495

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

(5) Capital Assets

At June 30, 2020 and 2019 capital assets consisted of the following:

	2020			
	Beginning balance	Additions	Disposals/ reclassifications	Ending balance
Furniture and equipment	$ 268,900	-	-	268,900
Parking lot improvements	2,882,377	-	-	2,882,377
Vehicles	199,492	-	-	199,492
Campus improvement	436,788	-	-	436,788
	3,787,557	-	-	3,787,557
Less accumulated depreciation	(828,103)	(263,953)	-	(1,092,056)
Capital assets, net	$ 2,959,454	(263,953)	-	2,695,501

(5) Capital Assets, Continued

	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

(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, 2020 and 2019, the Auxiliary paid the Research Foundation and other College entities $143,284 and $59,304, respectively, for these costs which covered administrative employees.

(8) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - “Postponement of the Effective Dates of Certain Authoritative Guidance” in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

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

- GASB Statement No. 84 - “Fiduciary Activities.” This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 87 - “Leases.” This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 89 - “Accounting for Interest Cost Incurred Before the End of a Construction Period.” This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

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

- GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 96 - "Subscription-Based Information Technology Arrangements." This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

- GASB Statement No. 97 - "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." This Statement, issued in June 2020, sets requirements for a primary government's determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.