QUEENSBOROUGH COMMUNITY COLLEGE AUXILIARY ENTERPRISE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2021 and 2020

(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, 2021 and 2020, 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, 2021 and 2020, 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 12, 2021

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, 2021, 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 $300,666 or 5%.
- Operating revenue decreased by $957,169 or 61%.
- Nonoperating revenue increased by $461,957 or 284%.
- Operating expenses decreased by $904,967 or 57%.

Financial Position

The Auxiliary's net assets, 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, 2021 and 2020, under the accrual basis of accounting:

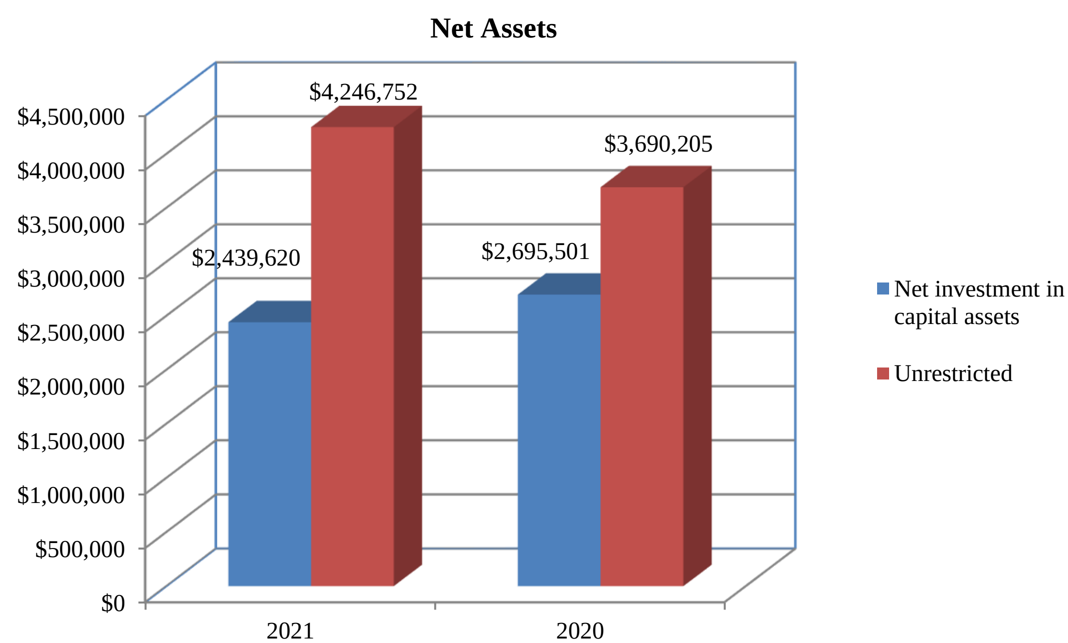
	2021	2020	Dollar change	Percent change
Assets:				
Current assets	$ 1,461,100	1,168,834	292,266	25%
Noncurrent assets - capital assets	5,477,394	5,486,996	(9,602)	(1%)
Total assets	6,938,494	6,655,830	282,664	4%
Current liabilities	252,122	270,124	(18,002)	(7%)
Net assets:				
Net investment in capital assets	2,439,620	2,695,501	(255,881)	(9%)
Unrestricted	4,246,752	3,690,205	556,547	15%
Total net assets	$ 6,686,372	6,385,706	300,666	5%

At June 30, 2021, the Auxiliary's total assets increased by $282,664 or 4%, compared to the previous year. This variance was primarily attributable to an increase in amounts due from related parties of $377,169 for CUNY support. There was also an increase of $67,627 or 86% increase in prepaid expenses mainly due to the transfer to the CUNY Research Foundation to fund a new KHC employee utilizing legislative funds deposited to the Auxiliary. These increases were partially offset by a decrease of $100,813 or 10% in cash and equivalents mainly as a result of $102,000 payment of advertising expense to boost enrollment. There was also a decrease of $40,493 or 67% in accounts receivable mainly as a result of the collection of $50,000 funded by the Auxiliary in fiscal year 20 and reimbursed in fiscal year 21.

The Auxiliary's current liabilities decreased by $18,002 or 7%, compared to the previous year. This was mainly due to a decrease of $17,403 or 36% in accounts payable as Auxiliary settled liabilities with Metropolitan Foods whose contract expired and will no longer provide food services to the College.

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, 2021 and 2020 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, 2021 and 2020 are as follows:

Revenue

	2021	2020	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 52,710	134,405	(81,695)	(61%)
Cafeteria	-	17,500	(17,500)	(100%)
Vending income	51,451	190,381	(138,930)	(73%)
Parking fees	-	354,291	(354,291)	(100%)
Performing Arts Center	11,061	165,227	(154,166)	(93%)
Kupferberg Holocaust Center	67,500	70,000	(2,500)	(4%)
Royalties	169,516	268,315	(98,799)	(37%)
Facility rentals	-	3,060	(3,060)	(100%)
Other	213,839	320,067	(106,228)	(33%)
Donated space and services	49,542	49,542	-	-
Total operating revenue	615,619	1,572,788	(957,169)	(61%)
Nonoperating revenue:				
Other	818	71,436	(70,618)	(99%)
Investment income	246,518	91,112	155,406	171%
CUNY support	377,169	-	377,169	100%
Total nonoperating revenue	624,505	162,548	461,957	284%
Total revenue	$ 1,240,124	1,735,336	(495,212)	(29%)

The Auxiliary's total revenue for fiscal 2021 was $1,240,124 representing a decrease of $495,212 or 29%, compared to the previous year. The Auxiliary operating revenue decreased by $957,169 or 61%. Nonoperating revenue increased $461,957 or 284% due to the allocation of funding from CUNY. All lines of revenue suffered losses due to the pandemic.

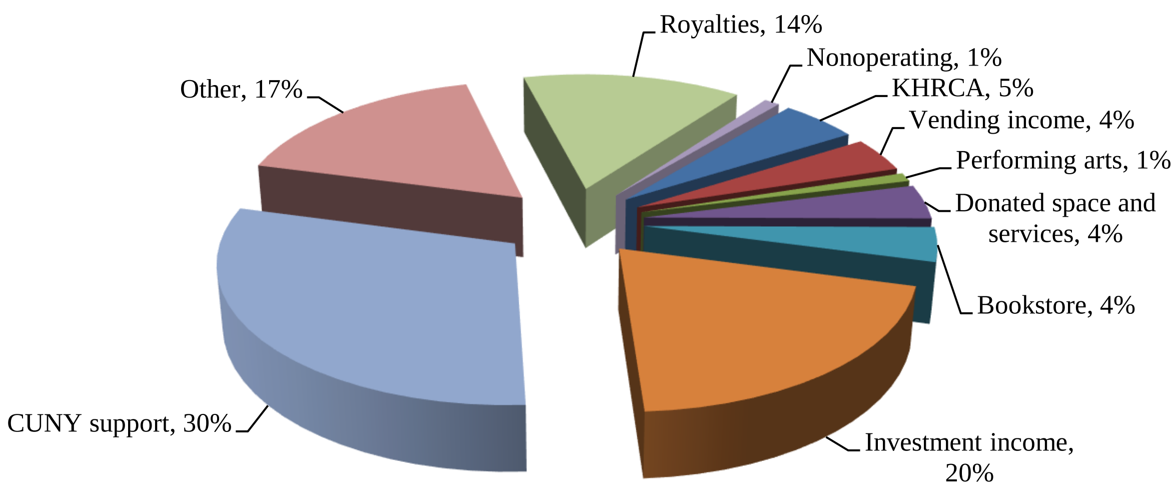
Overall, the suspension of campus activity due to COVID-19 and the conversion to a 100% distance learning modality had a negative effect on the Auxiliary recurring income opportunities and expenses. Bookstore commission decreased by $81,695 or 61%, primarily as a result of the continued increase in competition from online providers. Cafeteria commission and parking fees were reduced to zero due to the closure of the campus. In addition, the suspension of campus activities resulted in a decrease of $138,930 or 73%, in vending income commissions. Finally, beverage royalty revenue declined by $98,799 or 37% as the Central Office has remitted less royalty income due to the pandemic sales losses.

Bookstore commissions, royalties, investment and KHRCA represented 5%, 15%, 21% and 6% 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, 2021:

Revenue by Source



Expenses

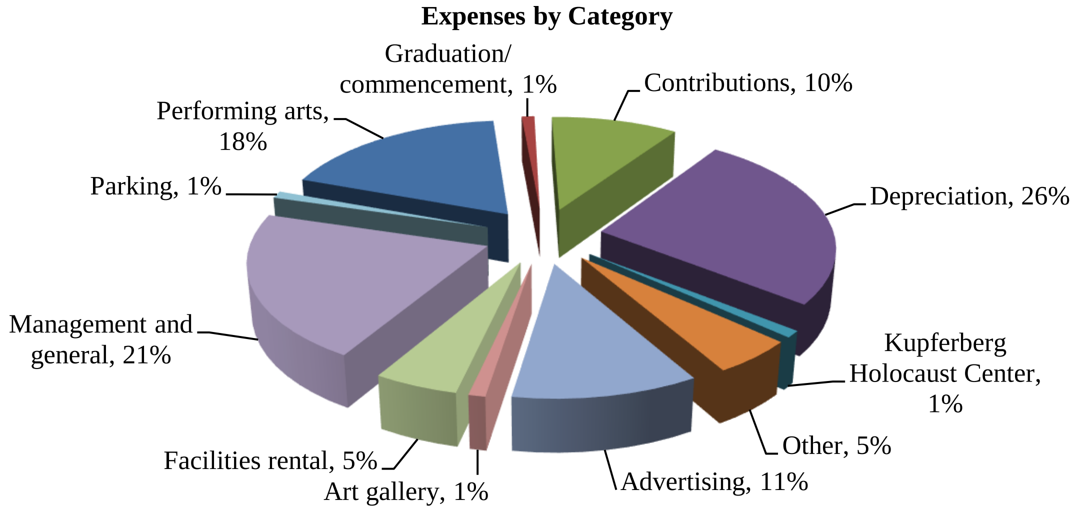
	2021	2020	Dollar change	Percent change
Operating expenses:				
Parking	$ 6,231	247,026	(240,795)	(97%)
Performing arts	166,026	480,118	(314,092)	(65%)
Facility rentals	46,650	76,488	(29,838)	(39%)
Art gallery	4,675	-	4,675	100%
Kupferberg Holocaust Center	10,038	67,995	(57,957)	(85%)
Management and general	196,706	455,594	(258,888)	(57%)
Depreciation	255,881	263,953	(8,072)	(3%)
Total operating expenses	686,207	1,591,174	(904,967)	(57%)
Nonoperating expenses:				
Advertising	102,035	157,010	(54,975)	(35%)
Graduation/commencement	5,750	26,417	(20,667)	(78%)
Contributions	95,000	29,769	65,231	219%
Other	50,466	164,324	(113,858)	(69%)
Total nonoperating expenses	253,251	377,520	(124,269)	(33%)
Total expenses	$ 939,458	1,968,694	(1,029,236)	(52%)

Total expenses for fiscal 2021 were $939,458, a decrease of $1,029,236 or 52%, compared to the previous year.

Operating expenses were $686,207, a decrease of $904,967 or 57% compared to the previous year. As a result of suspension of College activities, operating expenses decreased in all business lines except for the art gallery which has a modest increase of $4,765. As the College was closed and parking lot largely vacant, it resulted in a $240,795 or 97% decrease in expenses mainly related to maintenance and security guard services. Expenses for the performing art center decreased by $314,092 or 65% as all shows were online and fewer shows were produced. Management and general expense also decreased by $258,888 or 57% primarily due to the absence of approximately $142,000 labor reimbursement for accountant services in fiscal year 21 compared to fiscal year 20. There were also an approximate $25,000 decrease in administrative expenses, $18,000 decrease in business meals and $4,000 decrease in office supplies.

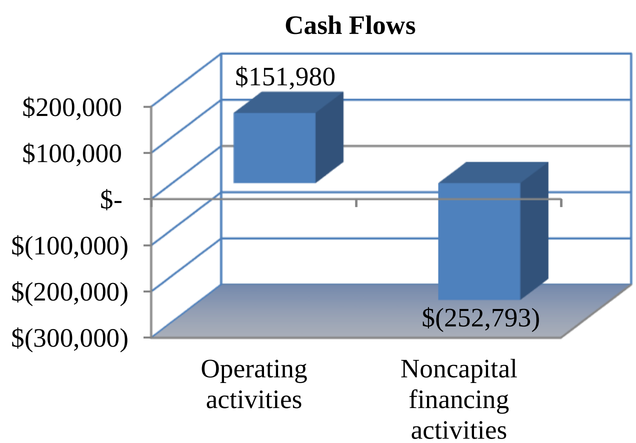
Nonoperating expenses were $253,251, a decrease of $124,269 or 33%, from the previous year. There were decreases of $54,975 or 35% in advertising expenses and $20,667 or 78% in graduation and commencement expense mainly attributable to the COVID-19 crisis.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2021:



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, 2021:



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, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and equivalents	$ 899,510	1,000,323
Commissions receivable	17,808	29,032
Accounts receivable - other	20,032	60,525
Due from related party	377,169	-
Prepaid expenses	146,581	78,954
Total current assets	1,461,100	1,168,834
Investments	3,037,774	2,791,495
Capital assets, net	2,439,620	2,695,501
Total assets	6,938,494	6,655,830
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	31,067	48,470
Deposits held in custody for others, net	221,055	221,654
Total current liabilities	252,122	270,124
Net Position		
Net investment in capital assets	2,439,620	2,695,501
Unrestricted	4,246,752	3,690,205
Total net position	$ 6,686,372	6,385,706

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, 2021 and 2020

	2021	2020
Operating revenue:		
Commissions:		
Bookstore	$ 52,710	134,405
Cafeteria	-	17,500
Vending	51,451	190,381
Parking fees	-	354,291
Performing arts	11,061	165,227
Kupferberg Holocaust Center	67,500	70,000
Royalties	169,516	268,315
Facilities rental	-	3,060
Other	213,839	320,067
Donated space and services	49,542	49,542
Total operating revenue	615,619	1,572,788
Operating expenses:		
Parking	6,231	247,026
Performing arts	166,026	480,118
Facilities rental	46,650	76,488
Art gallery	4,675	-
Kupferberg Holocaust Center	10,038	67,995
Management and general	196,706	455,594
Depreciation	255,881	263,953
Total operating expenses	686,207	1,591,174
Loss from operations	(70,588)	(18,386)

(Continued)

See accompanying notes to financial statements.

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

	2021	2020
Nonoperating revenue (expenses):		
Other nonoperating revenue	$ 818	71,436
Investment income	246,518	91,112
CUNY support	377,169	-
College related disbursements:		
Advertising	(102,035)	(157,010)
Graduation/commencement	(5,750)	(26,417)
Contributions	(95,000)	(29,769)
Other	(50,466)	(164,324)
Total nonoperating revenue (expenses), net	371,254	(214,972)
Change in net position	300,666	(233,358)
Net position at beginning of year	6,385,706	6,619,064
Net position at end of year	$ 6,686,372	6,385,706

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 52,710	141,217
Cafeteria commissions	-	17,500
Vending commissions	51,451	273,443
Parking fees	-	326,575
Performing arts	11,061	165,227
Other	502,572	850,933
Cash payments to/for:		
Employees' salaries and benefits	(301,375)	(445,899)
Vendors and other disbursements	(164,439)	(811,992)
Net cash provided by operating activities	151,980	517,004
Cash flows from noncapital financing activities:		
College related disbursements	(202,785)	(213,196)
Deposits held in custody for others	(599)	(92,211)
Other nonoperating expenses, net	(49,409)	(90,201)
Net cash used in noncapital financing activities	(252,793)	(395,608)
Cash flows from investing activities - purchases of investments	-	(500,000)
Net change in cash and equivalents	(100,813)	(378,604)
Cash and equivalents at beginning of year	1,000,323	1,378,927
Cash and equivalents at end of year	$ 899,510	1,000,323

(Continued)

See accompanying notes to financial statements.

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

	2021	2020
Reconciliation of income from operations to net cash provided by operating activities:		
Loss from operations	$ (70,588)	(18,386)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	255,881	263,953
Changes in:		
Commissions receivable	11,224	(21,093)
Accounts receivable - other	40,493	326,465
Prepaid expenses	(67,627)	39,888
Accounts payable and accrued expenses	(17,403)	(20,100)
Unearned revenue	-	(53,723)
Net cash provided by operating activities	$ 151,980	517,004

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, 2021 and 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. Negotiations for a new contract are ongoing as of the date of these financial statements. The contract provided no commission for the year ended June 30, 2021. For the year ended June 30, 2020 the fixed annual commission was $17,500.

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 for the years ended June 30, 2021 and 2020. Donated services of $44,567 for the years ended June 30, 2021 and 2020, 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) Risks and Uncertainties

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.

(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, 2021, $745,616 of the Auxiliary's bank balance of $995,616 was exposed to custodial credit risk as it was uninsured and uncollateralized. 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, 2021 and 2020, the Auxiliary had investments in the amount of $3,037,774 and $2,791,495, 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, 2021 and 2020, 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 during the years ended June 30, 2021 and 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, 2021 and 2020:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash	$ 3,999	-	-	3,999
Mutual funds	2,677,496	-	-	2,677,496
Equity securities	356,279	-	-	356,279
	$ 3,037,774	-	-	3,037,774

	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

(5) Capital Assets

At June 30, 2021 and 2020 capital assets consisted of the following:

	2021			
	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	(1,092,056)	(255,881)	-	(1,347,937)
Capital assets, net	$ 2,695,501	(255,881)	-	2,439,620

(5) Capital Assets, Continued

	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

(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, 2021 and 2020, the Auxiliary paid the Research Foundation and other College entities $224,548 and $143,284, respectively, for these costs which covered administrative employees.

During the year ended June 30, 2021, CUNY allocated $377,169 in funding to the Auxiliary. As of June 30, 2021, the balance of the allocation is owed to the Auxiliary.

(8) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

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

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.