

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Financial Statements and
Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Queensborough Community College
Student Activity Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Queensborough Community College Student Activity Association (the Association) as of and for the years ended June 30, 2017 and 2016, and the related notes to financial statements, which collectively comprise the Association'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 Association'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 Association'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 Student Activity Association as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

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

Williamsville, New York
September 28, 2017

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Management's Discussion and Analysis

June 30, 2017

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

Financial Highlights

- The Association's net position increased by \$16,133 or 3%.
- Operating revenue decreased by \$6,793 or 0.4%.
- Operating expenses decreased by \$33,018 or 2%.

Financial Position

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

Statements of Net Position

The following summarizes the Association's assets, liabilities and net position as of June 30, 2017 and 2016, under the accrual basis of accounting:

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 586,867	494,595	92,272	19%
Noncurrent assets - capital assets	<u>165,013</u>	<u>190,195</u>	<u>(25,182)</u>	<u>(13%)</u>
Total assets	<u>751,880</u>	<u>684,790</u>	<u>67,090</u>	<u>10%</u>
Liabilities	<u>264,112</u>	<u>213,155</u>	<u>50,957</u>	<u>24%</u>
Net position:				
Net investment in capital assets	165,013	190,195	(25,182)	(13%)
Unrestricted	<u>322,755</u>	<u>281,440</u>	<u>41,315</u>	<u>15%</u>
Total net position	<u>\$ 487,768</u>	<u>471,635</u>	<u>16,133</u>	<u>3%</u>

**QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION**

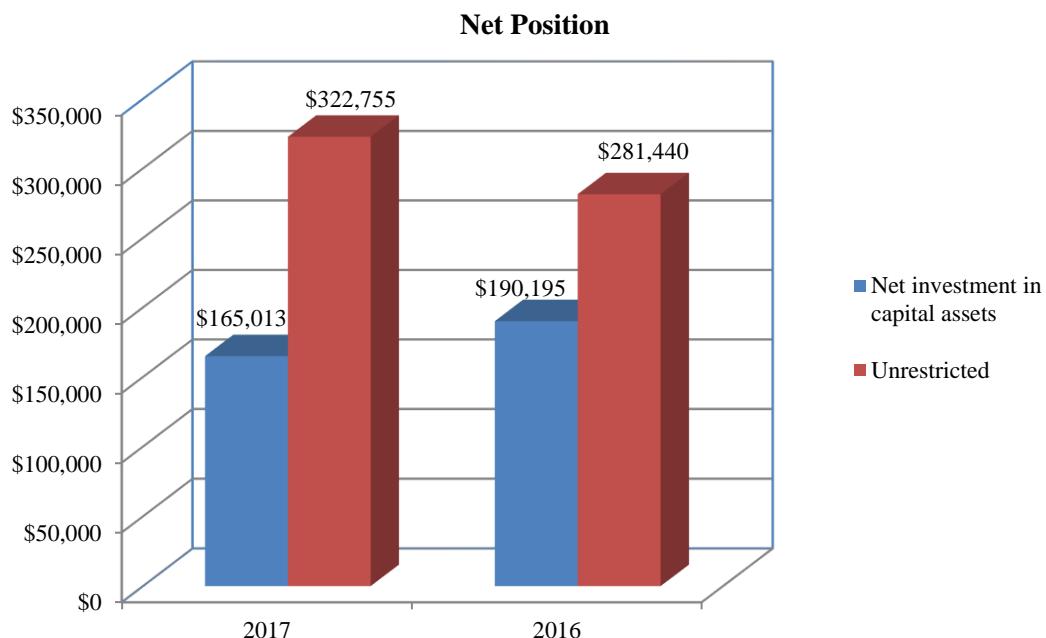
Management's Discussion and Analysis, Continued

At June 30, 2017, the Association's total assets increased by \$67,090 or 10%, compared to the previous year. This variance was mainly due to an increase in accounts receivable of \$60,795 due primarily to an increase in enrolled students. There was also an increase of \$25,699 in prepaid expenses and other assets mainly attributable to prepaid salaries for Research Foundation employees funded by the Association. The increase is partially offset by a decrease of \$25,182 in capital assets due to depreciation.

At June 30, 2017, the Association's total current liabilities increased by \$50,957 or 24%, compared to the previous year. This variance was mainly due to an increase of \$56,994 in unearned revenue which was partially offset by a decrease of \$6,037 in accounts payable.

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

The following illustrates the Association's net position at June 30, 2017 and 2016 by category:



**QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION**

Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Association, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2017 and 2016 are as follows:

Revenue

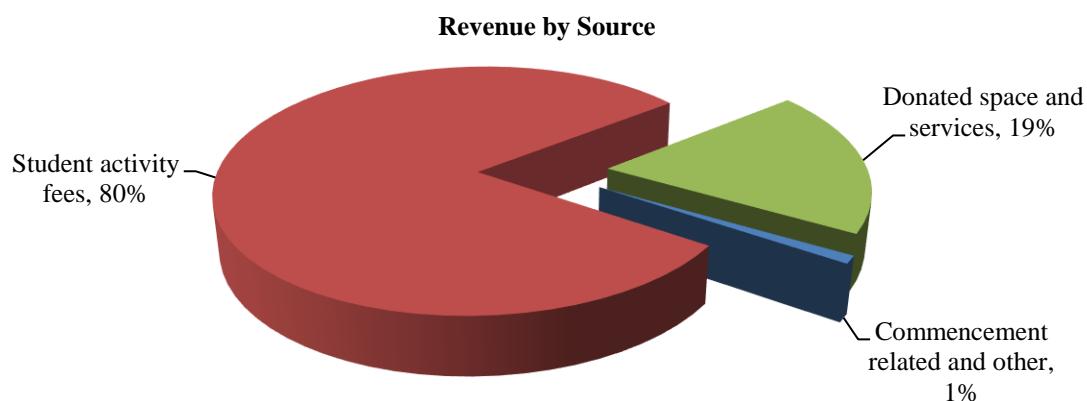
	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 1,269,310	1,303,593	(34,283)	(3%)
Donated space and services	305,975	277,935	28,040	10%
Commencement related and other	<u>1,175</u>	<u>1,725</u>	<u>(550)</u>	<u>(32%)</u>
Total operating revenue	<u>\$ 1,576,460</u>	<u>1,583,253</u>	<u>(6,793)</u>	<u>(0.4%)</u>

The Association's total operating revenue for the year ended June 30, 2017 was \$1,576,460, a decrease of \$6,793 or 0.4%, compared to the previous year primarily due to a decline in student activity fees collected of \$34,283 offset by increased donated services of \$28,040 due to higher salaries.

Student activity fees represented approximately 80% of total revenue and, accordingly, the Association is dependent upon this level of support to carry out its operations.

There were no other significant or unexpected changes in the Association's revenue.

The following illustrates the Association's revenue, by source, for the year ended June 30, 2017:



**QUEENSBOROUGH COMMUNITY COLLEGE
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Management's Discussion and Analysis, Continued

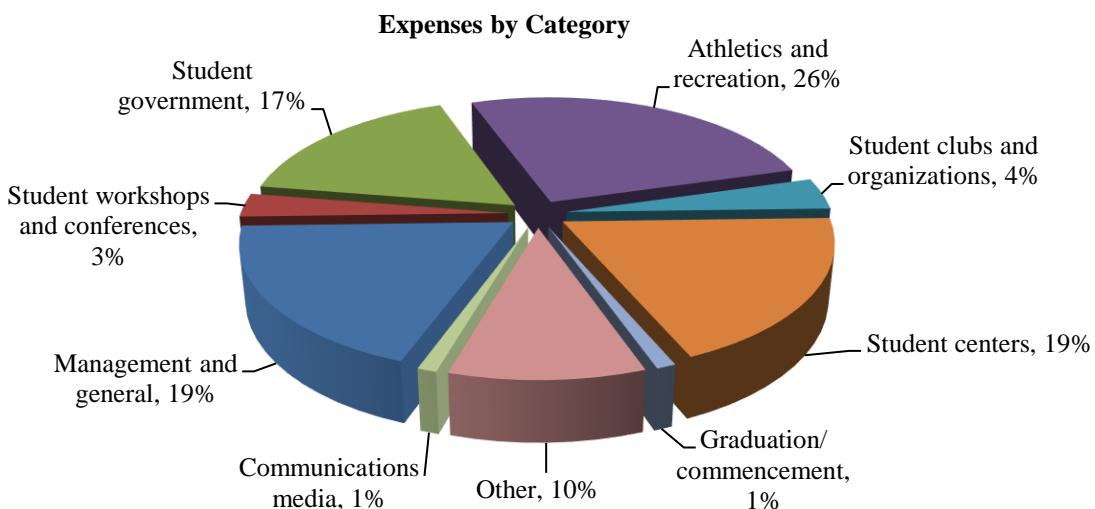
Expenses

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student government	\$ 265,262	261,377	3,885	1%
Athletics and recreation	406,258	397,992	8,266	2%
Student workshops and conferences	41,770	37,690	4,080	11%
Graduation/commencement	19,292	17,702	1,590	9%
Student clubs and organizations	63,066	65,980	(2,914)	(4%)
Student centers	291,271	347,342	(56,071)	(16%)
Communications media	13,252	8,589	4,663	54%
Other	165,001	172,381	(7,380)	(4%)
Management and general	<u>295,155</u>	<u>284,292</u>	<u>10,863</u>	<u>4%</u>
Total operating expenses	1,560,327	1,593,345	(33,018)	(2%)
Nonoperating expenses - other	-	19,250	(19,250)	(100%)
Total expenses	<u>\$ 1,560,327</u>	<u>1,612,595</u>	<u>(52,268)</u>	<u>(3%)</u>

Total expenses for the year ended June 30, 2017 were \$1,560,327, a decrease of \$52,268 or 3%, compared to the previous year. The lower spending was primarily due to a decrease of \$56,071 for part-time salary spending in both the writing and learning centers. There was also a decrease of \$7,380 in other expenses due to a decline in part-time salary expenditures. These decreases were partially offset by an increase in athletics and recreation spending of \$8,266 due to the purchase of athletic equipment.

There were no other significant or unexpected changes in the Association's expenses.

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



QUEENSBOROUGH COMMUNITY COLLEGE
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Management's Discussion and Analysis, Continued

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 Association's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2017:



Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

QUEENSBOROUGH COMMUNITY COLLEGE
 STUDENT ACTIVITY ASSOCIATION
 Statements of Net Position
 June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and equivalents	\$ 107,320	101,542
Accounts receivable	281,097	220,302
Prepaid expenses and other assets	<u>198,450</u>	<u>172,751</u>
Total current assets	586,867	494,595
Noncurrent assets - capital assets, net	<u>165,013</u>	<u>190,195</u>
Total assets	<u>751,880</u>	<u>684,790</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	13,757	19,794
Unearned revenue	<u>250,355</u>	<u>193,361</u>
Total current liabilities	<u>264,112</u>	<u>213,155</u>
<u>Net position</u>		
Net investment in capital assets	165,013	190,195
Unrestricted	<u>322,755</u>	<u>281,440</u>
Total net position	<u>\$ 487,768</u>	<u>471,635</u>

See accompanying notes to financial statements.

**QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION**
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenue:		
Student activity fees	\$ 1,269,310	1,303,593
Donated space and services	305,975	277,935
Commencement related and other	<u>1,175</u>	<u>1,725</u>
Total operating revenue	<u>1,576,460</u>	<u>1,583,253</u>
Operating expenses:		
Student government	265,262	261,377
Athletics and recreation	406,258	397,992
Student workshops and conferences	41,770	37,690
Graduation/commencement	19,292	17,702
Student clubs and organizations	63,066	65,980
Student centers	291,271	347,342
Communications media	13,252	8,589
Other	165,001	172,381
Management and general	<u>295,155</u>	<u>284,292</u>
Total operating expenses	<u>1,560,327</u>	<u>1,593,345</u>
Income (loss) from operations	16,133	(10,092)
Nonoperating expenses - other	<u>-</u>	<u>(19,250)</u>
Increase (decrease) in net position	16,133	(29,342)
Net position at beginning of year	<u>471,635</u>	<u>500,977</u>
Net position at end of year	<u>\$ 487,768</u>	<u>471,635</u>

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION
Statements of Cash Flows
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 1,265,509	1,300,250
Other	1,175	1,725
Cash payments to/for:		
Employees' salaries and benefits	(638,590)	(545,118)
Vendors	<u>(622,316)</u>	<u>(646,119)</u>
Net cash provided by (used in) operating activities	5,778	110,738
Cash flows from noncapital financing activities - other	<u>-</u>	<u>(19,250)</u>
Net increase in cash and equivalents	5,778	91,488
Cash and equivalents at beginning of year	<u>101,542</u>	<u>10,054</u>
Cash and equivalents at end of year	<u>\$ 107,320</u>	<u>101,542</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	16,133	(10,092)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	25,182	29,190
Changes in:		
Accounts receivable	(60,795)	(39,888)
Prepaid expenses and other assets	(25,699)	157,300
Accounts payable and accrued expenses	(6,037)	(62,317)
Unearned revenue	<u>56,994</u>	<u>36,545</u>
Net cash provided by operating activities	<u>\$ 5,778</u>	<u>110,738</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 305,975</u>	<u>277,935</u>
Donated office space	4,493	4,300
Donated professional services	<u>301,482</u>	<u>273,635</u>
	<u>\$ 305,975</u>	<u>277,935</u>

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements

June 30, 2017 and 2016

(1) Nature of Organization

The Queensborough Community College Student Activity Association (the Association) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Queensborough Community College (the College) of the City University of New York (CUNY or the University). The Association's revenue is derived primarily from student activity fees levied by a resolution of the Board of Directors of the University and collected by the College on the Association's behalf.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Association'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 Association 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 Association is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Accounting Pronouncements

The significant GASB standards followed by the Association are summarized below:

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

QUEENSBOROUGH COMMUNITY COLLEGE

STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - “Fair Value Measurement and Application” provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.
- GASB Statement No. 79 - “Certain External Investment Pools and Pool Participants.” This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.

(c) Net Position

The Association’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 Association 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 Association or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Association’s Board of Directors.

At June 30, 2017, the Association had no restricted net position.

(d) Cash and Equivalents

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

(e) Accounts Receivable

Accounts receivable 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.

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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 Association'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 for all assets. 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 and improvements is five years.

(g) Revenue Recognition

Student activity fees are recognized in the period earned. Student activity fees collected prior to year-end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(h) Donated Space and Services

The Association operates on the campus of the College and, as such, utilizes office space and certain services made available to it. The cost savings associated with any such arrangements are reflected in the accompanying financial statements (note 4).

(i) 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.

(j) 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.

(k) Subsequent Events

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

(l) Income Taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Association has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Association 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 Association has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Association are subject to examination by taxing authorities.

QUEENSBOROUGH COMMUNITY COLLEGE
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Notes to Financial Statements, Continued

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Association's deposits may not be returned in the event of a bank failure. At June 30, 2017, none of the Association's bank balance of \$149,146 was exposed to custodial credit risk. The Association does not have a deposit policy.

(4) Donated Space and Services

The Association is allowed free use of certain facilities provided by the College. The estimated fair value of the donated space which is used solely by the various student organizations amounted to \$4,493 and \$4,300 for the years ended June 30, 2017 and 2016, respectively. Additionally, certain professional services were provided by the College and amounted to \$301,482 and \$273,635 for the years ended June 30, 2017 and 2016, respectively. These donated space and services are included in both revenue and expenses in the accompanying statements of revenue, expenses and changes in net position. The fair values of facilities which are shared between the Association and other College entities, such as gymnasiums and other athletic space, are not recorded in the accompanying financial statements, as neither the College nor the Association has a clearly measurable or objective basis for determining, such amounts.

(5) Capital Assets

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

	<u>2017</u>		
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>
Furniture and equipment	\$ 128,145	-	-
Improvements - science building	232,485	-	-
Improvements - gymnasium	132,700	-	-
Improvements - library building	109,846	-	-
Improvements - student union	28,154	-	-
Tables and chairs - library	<u>27,741</u>	<u>—</u>	<u>—</u>
	659,071	-	-
Less accumulated depreciation	<u>(468,876)</u>	<u>(25,182)</u>	<u>—</u>
Capital assets, net	<u>\$ 190,195</u>	<u>(25,182)</u>	<u>—</u>
			<u>165,013</u>

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(5) Capital Assets, Continued

	<u>2016</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 128,145	-	-	128,145
Improvements - science building	232,485	-	-	232,485
Improvements - gymnasium	132,700	-	-	132,700
Improvements - library building	109,846	-	-	109,846
Improvements - student union	28,154	-	-	28,154
Tables and chairs - library	<u>27,741</u>	<u>—</u>	<u>—</u>	<u>27,741</u>
	659,071	-	-	659,071
Less accumulated depreciation	<u>(439,686)</u>	<u>(29,190)</u>	<u>—</u>	<u>(468,876)</u>
Capital assets, net	<u>\$ 219,385</u>	<u>(29,190)</u>	<u>—</u>	<u>190,195</u>

(6) Related Party Transactions

The Association 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 Association. During the years ended June 30, 2017 and 2016, the Association paid the Research Foundation and other College entities \$189,513 and \$161,956, respectively, for these costs which covered administrative employees.

(7) Accounting Standards Issued But Not Yet Implemented

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

QUEENSBOROUGH COMMUNITY COLLEGE
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

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

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 Association. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Association.

GASB Statement No. 85 - “Omnibus 2017.” This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Association. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Association.

GASB Statement No. 86 - “Certain Debt Extinguishment Issues.” This Statement, issued in May 2017, addresses issues related to in-substance defeasances occurring through repayment of debt from existing sources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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 Association. This Statement is not expected to have a material effect on the financial statements of the Association.