

BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION

Financial Statements and
Supplementary Information

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Brooklyn College Auxiliary Enterprise Corporation:

We have audited the accompanying statements of net assets of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) as of June 30, 2012 and 2011, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Auxiliary's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn College Auxiliary Enterprise Corporation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
December 14, 2012

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2012 and 2011

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Brooklyn College Auxiliary Enterprise Corporation's (the Auxiliary) financial position as of June 30, 2012, 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 \$178,063 or 20%.
- Operating revenue decreased by \$31,649 or 5%.
- Operating expenses decreased by \$183,317 or 26%.

Financial Position

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

Statements of Net Assets

The following summarizes the Auxiliary's assets, liabilities, and net assets as of June 30, 2012 and 2011, under the accrual basis of accounting:

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>768,308</u>	<u>930,466</u>	<u>(162,158)</u>	(17%)
Liabilities	\$ <u>38,778</u>	<u>22,873</u>	<u>15,905</u>	70%
Net assets - unrestricted	\$ <u>729,530</u>	<u>907,593</u>	<u>(178,063)</u>	(20%)

At June 30, 2012, the Auxiliary's total net assets decreased by \$178,063 or 20%, compared to the previous year.

This decrease resulted mainly from cash and cash equivalents being reduced by \$174,976 as a result of the use of funds from the money market account to cover expenditures.

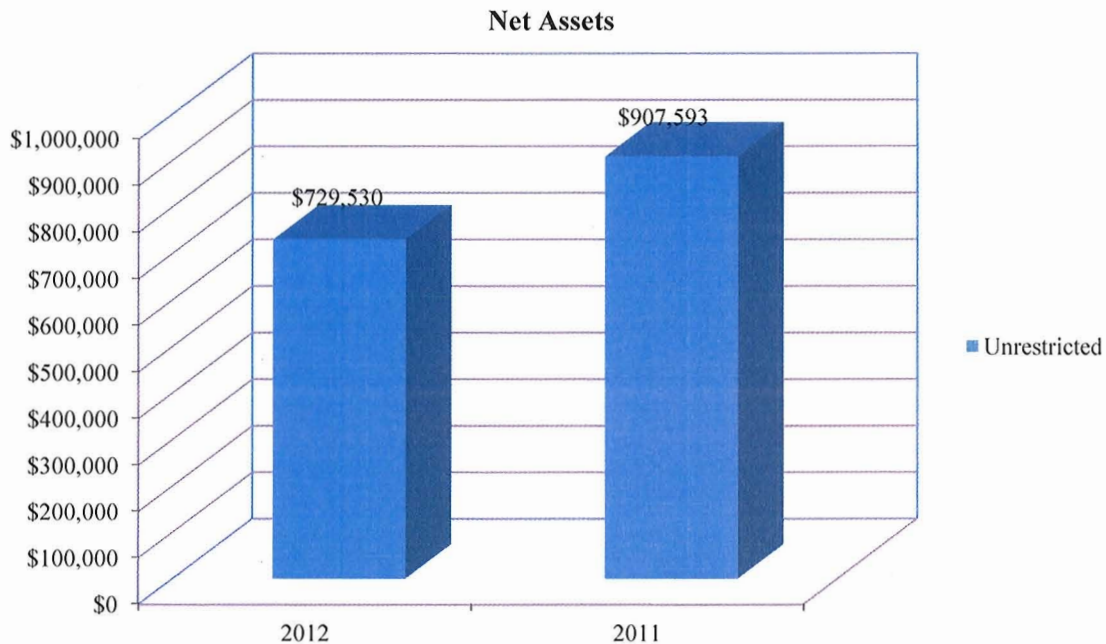
BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

At June 30, 2012, the Auxiliary's total current liabilities increased by \$15,905 or 70%, compared to the previous year. This decrease resulted mainly from the timing of payments of year-end expenditures as part of the normal course of business.

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, 2012 and 2011 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, 2012 and 2011, are as follows:

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

Revenue

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Bookstore commissions	\$ 250,000	256,501	(6,501)	(3%)
Cafeteria and vending commissions	121,682	133,388	(11,706)	(9%)
Parking fees	203,465	220,666	(17,201)	(8%)
Royalty	62,869	58,917	3,952	7%
Other	<u>1,120</u>	<u>1,313</u>	<u>(193)</u>	<u>(15%)</u>
Total operating revenue	639,136	670,785	(31,649)	(5%)
Nonoperating revenue - interest income	<u>5,837</u>	<u>6,468</u>	<u>(631)</u>	<u>(10%)</u>
Total revenue	\$ <u>644,973</u>	<u>677,253</u>	<u>(32,280)</u>	<u>(5%)</u>

The Auxiliary's total revenue for the year ended June 30, 2012 amounted to \$644,973, a decrease of \$32,280 or 5%, compared to the previous year. The major components of this variance were related to decreased parking revenue, reduced bookstore commissions and less cafeteria and vending commissions. The performing arts center collected less parking revenue and bookstore, as well as cafeteria and vending commission sales were reduced. These decreases were offset by an increase in royalty income due to revenue received by Brooklyn College for the use of the College's logo.

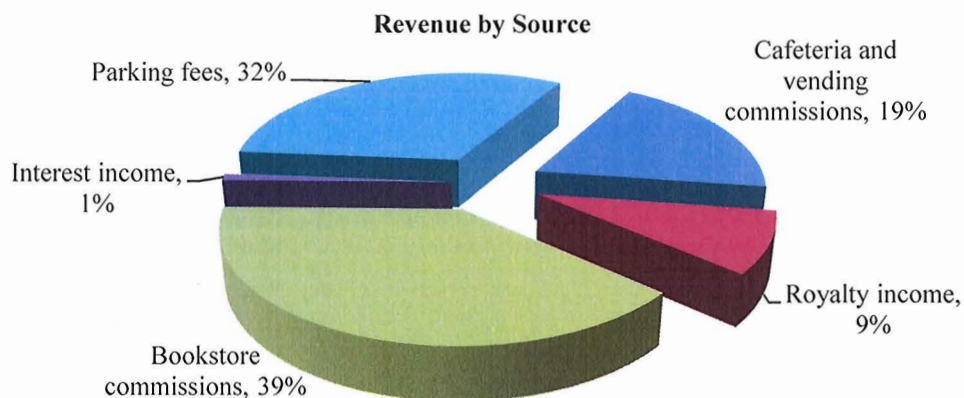
For the year ended June 30, 2012, bookstore commissions, cafeteria and vending commissions and parking fees represented 39%, 19% and 32% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

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

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2012:



Expenses

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 253,389	252,807	582	0%
Public service	-	74,330	(74,330)	(100%)
Student services	165,413	191,799	(26,386)	(14%)
Management and general	<u>111,280</u>	<u>194,463</u>	<u>(83,183)</u>	<u>(43%)</u>
Total operating expenses	530,082	713,399	(183,317)	(26%)
Nonoperating expenses - college support	<u>292,954</u>	<u>213,684</u>	<u>79,270</u>	37%
Total expenses	\$ <u>823,036</u>	<u>927,083</u>	<u>(104,047)</u>	<u>(11%)</u>

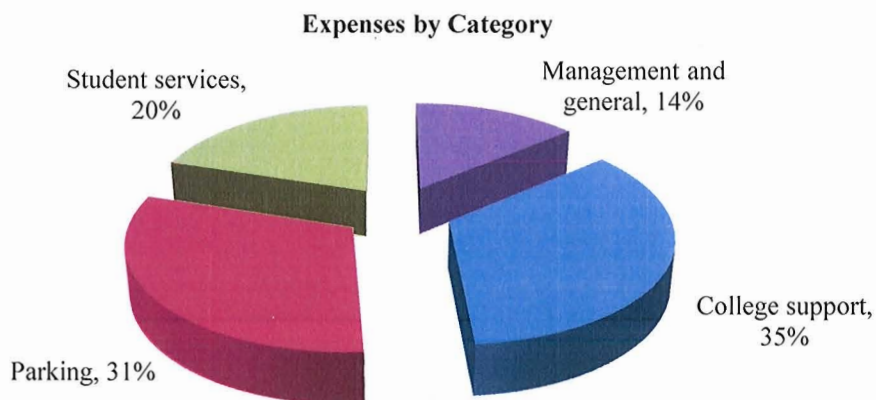
Total expenses for the year ended June 30, 2012 were \$823,036, a decrease of \$104,047 or 11%, compared to the previous year. The major component of this variance was related to decreases in public services of \$74,330 or 100%, student services of \$26,386 or 14% and management and general expenses of \$83,183 or 43%. These reductions resulted from the funding source for the expenses being discontinued. The decreases were offset by an increase in college support of \$79,270 or 37% as a result of increased campus facilities projects and expenses related to college festivities.

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

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

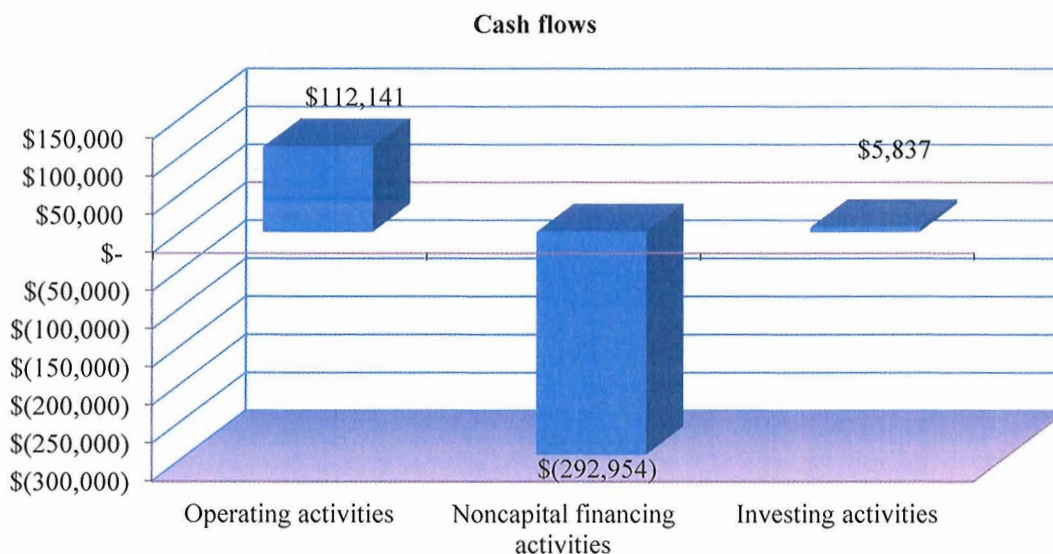
Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2012:



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 upon maturity, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2012:



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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
 Statements of Net Assets
 June 30, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and equivalents	\$ 730,930	905,906
Commissions receivable	32,119	18,503
Prepaid expenses and other assets	<u>5,259</u>	<u>6,057</u>
Total assets	<u>\$ 768,308</u>	<u>930,466</u>
<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses	<u>\$ 38,778</u>	<u>22,873</u>
<u>Net Assets</u>		
Unrestricted net assets	<u>\$ 729,530</u>	<u>907,593</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
 Statements of Revenue, Expenses and Changes in Net Assets
 Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 250,000	256,501
Cafeteria and vending	121,682	133,388
Parking fees	203,465	220,666
Royalty	62,869	58,917
Other	<u>1,120</u>	<u>1,313</u>
Total operating revenue	<u>639,136</u>	<u>670,785</u>
Operating expenses:		
Parking	253,389	252,807
Public service	-	74,330
Student services	165,413	191,799
Management and general	<u>111,280</u>	<u>194,463</u>
Total operating expenses	<u>530,082</u>	<u>713,399</u>
Income (loss) from operations	<u>109,054</u>	<u>(42,614)</u>
Nonoperating revenue (expenses):		
Interest income	5,837	6,468
College support:		
College activities	(66,107)	(17,144)
Facilities construction	(225,320)	(188,186)
Other	<u>(1,527)</u>	<u>(8,354)</u>
Total nonoperating revenue (expenses), net	<u>(287,117)</u>	<u>(207,216)</u>
Decrease in net assets	(178,063)	(249,830)
Net assets at beginning of year	<u>907,593</u>	<u>1,157,423</u>
Net assets at end of year	<u><u>\$ 729,530</u></u>	<u><u>907,593</u></u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 251,540	299,237
Cafeteria and vending commissions	107,948	134,545
Parking fees	203,465	220,666
Royalty	61,447	60,546
Other	1,120	1,313
Cash payments to/for:		
Employees' salaries and benefits	(248,194)	(247,243)
Conferences, conventions and meetings	-	(70,108)
Vendors	(152,378)	(123,605)
Dues and fees	(108,610)	(114,993)
Other	<u>(4,197)</u>	<u>(4,324)</u>
Net cash provided by operating activities	112,141	156,034
Cash flows from noncapital financing activities - college support	(292,954)	(213,684)
Cash flows from investing activities - interest income	<u>5,837</u>	<u>6,468</u>
Net decrease in cash and equivalents	(174,976)	(51,182)
Cash and equivalents at beginning of the year	<u>905,906</u>	<u>957,088</u>
Cash and equivalents at end of the year	<u>\$ 730,930</u>	<u>905,906</u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Cash Flows, Continued

	<u>2012</u>	<u>2011</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	\$ 109,054	(42,614)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Changes in:		
Commissions receivable	(13,616)	45,522
Prepaid expenses and other assets	798	252,546
Accounts payable and accrued expenses	<u>15,905</u>	<u>(99,420)</u>
Net cash provided by operating activities	<u>\$ 112,141</u>	<u>156,034</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2012 and 2011

(1) Nature of Organization

The Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) is a not-for-profit organization created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Brooklyn College (the College) of the City University of New York (CUNY or the University).

(2) Summary of Significant Accounting Policies

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP), applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as Financial Accounting Standards Boards (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those requirements conflict with or contradict GASB pronouncements.

For financial reporting purposes, the Auxiliary is considered to be a special-purpose government 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 component unit of the University, as defined by GASB.

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

- GASB Statement No. 34 - "Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments." This statement establishes the presentation format for general-purpose governments and requires that the financial statements consist of management's discussion and analysis, basic financial statements and required supplementary information.
- GASB Statement No. 35 - "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities." This statement establishes accounting and financial reporting standards for public colleges and universities and their component units within the financial reporting guidelines of GASB Statement No. 34. In accordance with this statement, the Auxiliary presents a statement of net assets; a statement of revenue, expenses and changes in net assets; and a statement of cash flows. The objectives of this statement are to enhance the understandability and usefulness of the external reports issued by public colleges and universities and their component units.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

- GASB Statement No. 37 - "Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus." Among other things, this statement clarifies the minimum requirements of management's discussion and analysis and eliminates the requirement to capitalize construction-period interest for governmental activities as promulgated by GASB Statement No. 34. GASB Statement No. 37 was implemented simultaneously with GASB Statement No. 34.
- GASB Statement No. 38 - "Certain Financial Statement Note Disclosures." Among other things, this statement establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions and disaggregation of receivable and payable balances. GASB Statement No. 38 was implemented simultaneously with GASB Statement No. 34.
- GASB Statement No. 40 - "Deposits and Investment Risk Disclosures." This statement establishes and modifies disclosure requirements related to the following investment and deposit risks:
 - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
 - Custodial credit risk:
 - Deposits - risk that the Auxiliary will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party in the event of failure of a depository financial institution.
 - Investments - risk that the entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the entity) of a transaction.
 - Concentration of credit risk is the risk of loss attributed to the magnitude of the Auxiliary's investment in a single institution or issuer.
 - Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair market value of the investment or deposit.
 - Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit.

(a) Net Assets

The Auxiliary is required to report information regarding its financial position and activities according to three classes of net assets:

Invested 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(a) Net Assets, Continued

Restricted - non-expendable - Net assets subject to externally imposed stipulations requiring the Auxiliary to maintain them in perpetuity.

Restricted - expendable - Net assets 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 assets, including net assets designated by actions, if any, of the Auxiliary's Board of Directors.

The Auxiliary had only unrestricted net assets in 2012 and 2011.

(b) Cash and Equivalents

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

(c) Revenue Recognition

Revenue is recognized in the period earned and is primarily derived from agreements with certain third-party organizations to provide the College with bookstore and cafeteria services, as well as other food services and fees charged for the use of parking facilities.

(d) Commissions

Bookstore commissions represent income earned under a contract with a third-party vendor, who operates and maintains the campus bookstore. The terms of the contract provide the Auxiliary with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of sales. The contract expired on June 30, 2011. This agreement was extended during April 2011 for a one year period expiring on June 30, 2012. Total bookstore commissions earned during the years ended June 30, 2012 and 2011 amounted to \$250,000 and \$256,501, respectively.

Cafeteria and vending commissions represent income earned under a contract with a third-party vendor for the sale of food and nonalcoholic beverages on the College's premises. The terms of the contract provide the Auxiliary with annual commissions based on a percentage of sales. During March 2011 this contract was extended for a two year period expiring May 10, 2013. Total cafeteria and vending commissions earned during the years ended June 30, 2012 and 2011 amounted to \$121,682 and \$133,388, respectively.

(e) 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 cost savings associated with any such arrangements are not reflected in the accompanying financial statements because neither the Auxiliary nor the College have a clearly measurable and objective basis for determining such values.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Royalty Income

A licensing agreement between Coca-Cola Bottling Company of New York and the Auxiliary was signed September 28, 2009, and expires on August 31, 2014. The agreement stipulates that the Auxiliary will receive \$45,000 annually as royalty payments for exclusive rights for Coca-Cola products at the College plus a rate of \$1 for each case of bottled/canned product sold.

(g) 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 assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(h) Use of Estimates

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Subsequent Events

The Auxiliary has evaluated events after June 30, 2012, and through December 14, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(j) Income Taxes

The Auxiliary is exempt from income taxes under Section 501(c)(3) of the Internal Revenue 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. The Auxiliary is no longer subject to tax examination for the years ended June 30, 2008, and prior.

(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, 2012, \$395,096 of the Auxiliary's bank balance of \$758,277 was exposed to custodial credit risk as it was uninsured and uncollateralized.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(4) Unrestricted Net Assets Designated by the Board

During 1993, the Auxiliary received a reimbursement of approximately \$130,000 from the Dormitory Authority of the State of New York for expenses relating to dining facilities made in prior years. The Board of Directors of the Auxiliary agreed to set aside this reimbursement to be used at the discretion of the President of the College to support student-centered operations, such as the dining facilities. During the years ended June 30, 2012 and 2011, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net assets at June 30, 2012 and 2011 include approximately \$75,000 designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net assets at June 30, 2012 and 2011 include approximately \$5,195 and \$5,564, respectively, designated by the Board to fund costs related to the operation and maintenance of the parking lots on the premises of the College, as required by action of the Board of Trustees of CUNY.

(5) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement incorporates into the GASB's authoritative literature the applicable guidance issued before November 30, 1989 from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. The requirements of the statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning July 1, 2012 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows are the consumption and acquisition of net assets by a governmental entity that is applicable to a future reporting period. 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. The requirements of this statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning July 1, 2012 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

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

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" establishes 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. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 66 - "Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62" improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" and No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 67 - "Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25" replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The statement specifies the required approach for measuring the pension liability of all employers and nonemployer contributing entities participating in a pension plan and details required note disclosures for financial reporting. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning July 1, 2013 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

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

- GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning July 1, 2014 for the Auxiliary. This statement is not expected to have a material effect on the financial statements of the Auxiliary.

(6) Subsequent Events

Hurricane Sandy came to the New York City area on Sunday, October 28, 2012 and resulted in classes and other college related activities being cancelled from Monday, October 29 through Thursday, November 1, 2012. Costs of clean up for all locations, including capital improvements, required due to storm damage are expected to be covered either by insurance by the Dormitory Authority of the State of New York (DASNY) for those buildings under DASNY coverage or by the Federal Emergency Management Agency.