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FOR DISCUSSION PURPOSES ONLY**

**BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION**

**Financial Statements and
Supplementary Information**

June 30, 2013 and 2012

(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:

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) as of and for the years ended June 30, 2013 and 2012, 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 audits 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 Brooklyn College Auxiliary Enterprise Corporation as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 2 to the financial statements, the Auxiliary adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position," and GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities."

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 GASB, 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.

Williamsville, New York
, 2013

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BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2013 and 2012

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, 2013, 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 Auxiliary's net position decreased by \$106,674 or 15%. This variance is a result of decreased bookstore, cafeteria and vending commissions.
- Operating revenue decreased by \$91,354 or 14%. This variance is a result of decreased bookstore, cafeteria and vending commissions.
- Operating expenses increased by \$21,889 or 4%.

Financial Position

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

New Accounting Pronouncements

For the year ended June 30, 2013, the Auxiliary adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."
- 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 or liabilities.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Management's Discussion and Analysis, Continued

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities, and net position as of June 30, 2013 and 2012, under the accrual basis of accounting:

	<u>2013</u>	<u>2012</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>667,281</u>	<u>768,308</u>	<u>(101,027)</u>	(13%)
Liabilities	\$ <u>44,425</u>	<u>38,778</u>	<u>5,647</u>	15%
Net position	\$ <u>622,856</u>	<u>729,530</u>	<u>(106,674)</u>	(15%)

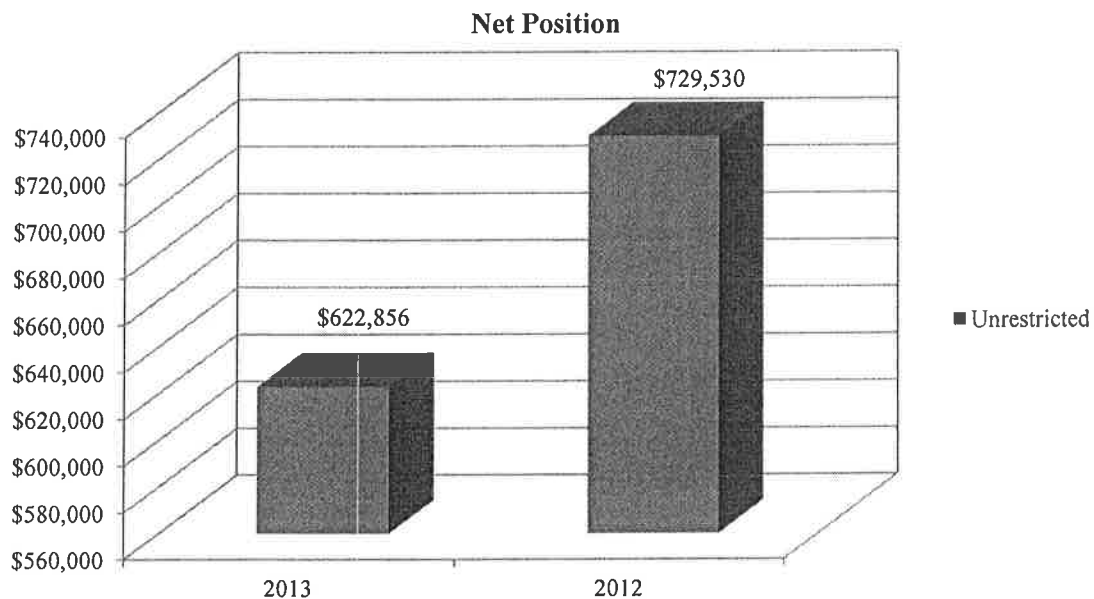
At June 30, 2013, the Auxiliary's total net position decreased by \$106,674 or 15%, compared to the previous year.

This decrease resulted mainly from the reduction of cash and cash equivalents by \$105,227 as a result of the use of funds from the money market account to cover expenditures.

At June 30, 2013, the Auxiliary's total current liabilities increased by \$5,647 or 15%, compared to the previous year. This variance resulted mainly from an increase in accrued payables as a result of more payments made after year-end 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 position at June 30, 2013 and 2012 by category:



BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

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 Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2013 and 2012, are as follows:

Revenue

	<u>2013</u>	<u>2012</u>	<u>Dollar</u> <u>change</u>	<u>Percent</u> <u>change</u>
Operating revenue:				
Bookstore commissions	\$ 170,833	250,000	(79,167)	(32%)
Cafeteria and vending commissions	113,458	121,682	(8,224)	(7%)
Parking fees	202,533	203,465	(932)	0%
Royalty	60,568	62,869	(2,301)	(4%)
Other	<u>390</u>	<u>1,120</u>	<u>(730)</u>	<u>(65%)</u>
Total operating revenue	547,782	639,136	(91,354)	(14%)
Nonoperating revenue - interest income	<u>4,545</u>	<u>5,837</u>	<u>(1,292)</u>	<u>(22%)</u>
Total revenue	\$ <u>552,327</u>	<u>644,973</u>	<u>(92,646)</u>	<u>(14%)</u>

The Auxiliary's total revenue for the year ended June 30, 2013 amounted to \$552,327, a decrease of \$92,646 or 14%, compared to the previous year. The major components of this variance were related to reduced bookstore commissions and less cafeteria and vending commissions.

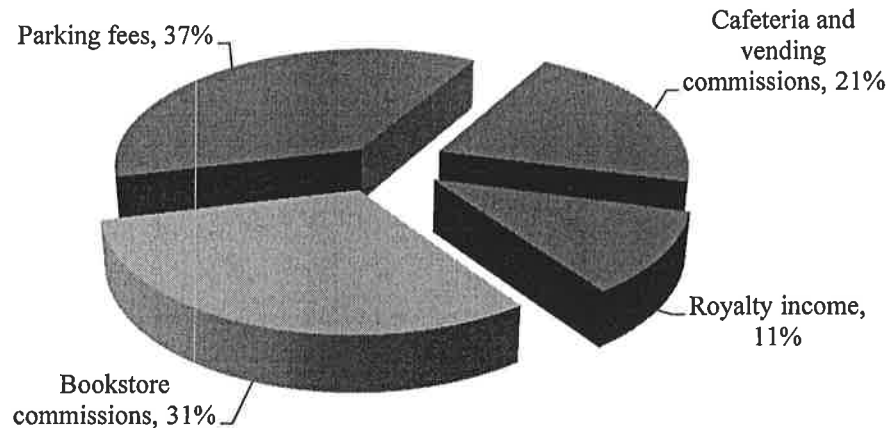
For the year ended June 30, 2013, bookstore commissions, cafeteria and vending commissions and parking fees represented 31%, 21% and 37% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

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, 2013:

Revenue by Source



Expenses

	<u>2013</u>	<u>2012</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 269,526	253,389	16,137	6%
Student services	170,405	165,413	4,992	3%
Management and general	<u>112,040</u>	<u>111,280</u>	<u>760</u>	1%
Total operating expenses	551,971	530,082	21,889	4%
Nonoperating expenses - college support	<u>107,030</u>	<u>292,954</u>	<u>(185,924)</u>	(63%)
Total expenses	\$ <u>659,001</u>	<u>823,036</u>	<u>(164,035)</u>	(20%)

Total expenses for the year ended June 30, 2013 were \$659,001, a decrease of \$164,035 or 20%, compared to the previous year. The major component of this variance was related to a decrease in college support of \$185,924 or 63%. This reduction was a result of a decrease in campus facilities projects as well as a decrease in expenses related to college festivities.

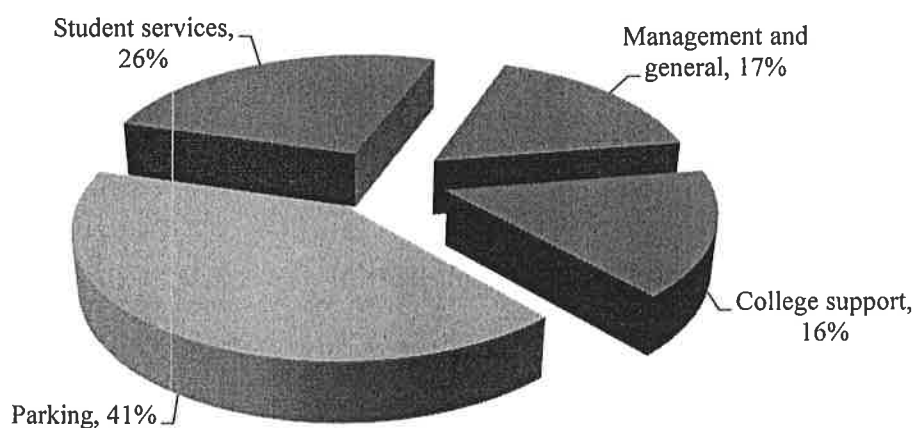
There were no other significant or unexpected changes in the Auxiliary's expenses.

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, 2013:

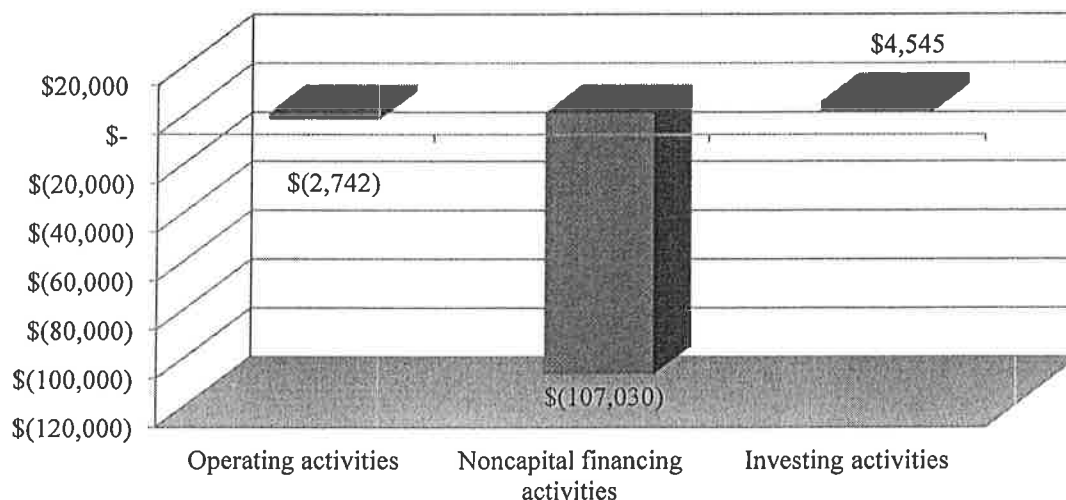
Expenses by Category



Cash Flows

The statement of cash flows provides 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, 2013:

Cash flows



BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Management's Discussion and Analysis, Continued

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 Position
 June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and equivalents	\$ 625,703	730,930
Commissions receivable	36,666	32,119
Prepaid expenses and other assets	<u>4,912</u>	<u>5,259</u>
Total assets	<u>667,281</u>	<u>768,308</u>
<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses	<u>44,425</u>	<u>38,778</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 622,856</u>	<u>729,530</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 170,833	250,000
Cafeteria and vending	113,458	121,682
Parking fees	202,533	203,465
Royalty	60,568	62,869
Other	<u>390</u>	<u>1,120</u>
Total operating revenue	<u>547,782</u>	<u>639,136</u>
Operating expenses:		
Parking	269,526	253,389
Student services	170,405	165,413
Management and general	<u>112,040</u>	<u>111,280</u>
Total operating expenses	<u>551,971</u>	<u>530,082</u>
Income (loss) from operations	<u>(4,189)</u>	<u>109,054</u>
Nonoperating revenue (expenses):		
Interest income	4,545	5,837
College support:		
College activities	(46,853)	(66,107)
Facilities construction	(59,750)	(225,320)
Other	<u>(427)</u>	<u>(1,527)</u>
Total nonoperating revenue (expenses), net	<u>(102,485)</u>	<u>(287,117)</u>
Decrease in net position	(106,674)	(178,063)
Net position at beginning of year	<u>729,530</u>	<u>907,593</u>
Net position at end of year	<u>\$ 622,856</u>	<u>729,530</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 160,611	251,540
Cafeteria and vending commissions	126,907	107,948
Parking fees	202,532	203,465
Royalty	52,795	61,447
Other	390	1,120
Cash payments to/for:		
Employees' salaries and benefits	(264,204)	(248,194)
Vendors	(169,733)	(152,378)
Dues and fees	(109,460)	(108,610)
Other	<u>(2,580)</u>	<u>(4,197)</u>
Net cash provided by (used in) operating activities	(2,742)	112,141
Cash flows from noncapital financing activities - college support	(107,030)	(292,954)
Cash flows from investing activities - interest income	<u>4,545</u>	<u>5,837</u>
Net decrease in cash and equivalents	(105,227)	(174,976)
Cash and equivalents at beginning of the year	<u>730,930</u>	<u>905,906</u>
Cash and equivalents at end of the year	<u>\$ 625,703</u>	<u>730,930</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	(4,189)	109,054
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Changes in:		
Commissions receivable	(4,547)	(13,616)
Prepaid expenses and other assets	347	798
Accounts payable and accrued expenses	<u>5,647</u>	<u>15,905</u>
Net cash provided by (used in) operating activities	<u>\$ (2,742)</u>	<u>112,141</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2013 and 2012

(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

(a) Basis of Accounting

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.

(b) New Accounting Pronouncements

For the year ended June 30, 2013, the Auxiliary adopted the provisions of the following GASB Statements:

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."
- 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) New Accounting Pronouncements, Continued

- 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 or liabilities.

(c) Net Position

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

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.

The Auxiliary had only unrestricted net position in 2013 and 2012.

(d) Cash and Equivalents

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

(e) 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.

(f) 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, 2012. This agreement was extended during August 2012 for a one year period expiring on June 30, 2013. Total bookstore commissions earned during the years ended June 30, 2013 and 2012 amounted to \$170,833 and \$250,000, respectively.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Commissions, Continued

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 May 2013, this contract was extended for a one year period expiring May 10, 2014. Total cafeteria and vending commissions earned during the years ended June 30, 2013 and 2012 amounted to \$113,458 and \$121,682, respectively.

(g) 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.

(h) 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.

(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 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.

(k) Subsequent Events

The Auxiliary has evaluated events after June 30, 2013, and through _____, 2013, 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(1) Income Taxes

The Auxiliary 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 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, 2009, 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, 2013, \$377,288 of the Auxiliary's bank balance of \$627,288 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Unrestricted Net Position 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, 2013 and 2012, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net position at June 30, 2013 and 2012 include approximately \$75,000 designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2013 and 2012 include approximately \$5,322 and \$5,195, 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(5) Accounting Standards Issued But Not Yet Implemented

- 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.
- 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

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

- GASB Statement No. 69 - "Government Combinations and Disposals of Government Operations" establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, 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.
- GASB Statement No. 70 - "Accounting and Financial Reporting for Nonexchange Financial Guarantees" improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. 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.