

BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION

Financial Statements and
Supplementary Information

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Financial Statements:	
Statements of Net Position	9
Statements of Revenue, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 17

* * * * *

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, 2014 and 2013, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Brooklyn College Auxiliary Enterprise Corporation as of June 30, 2014 and 2013, 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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Toski & Co., CPAs, P.C.

Williamsville, New York
November 25, 2014

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2014 and 2013

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, 2014, 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 increased by \$97,139 or 16%. This variance is mainly due to the new royalty contract with Pepsi-Cola.
- Operating revenue increased by \$216,328 or 39%. This variance is a result of the addition of facility rentals revenue.
- Operating expenses decreased by \$19,622 or 4%.

Financial Position

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

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities, and net position as of June 30, 2014 and 2013, under the accrual basis of accounting:

	<u>2014</u>	<u>2013</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>751,356</u>	<u>667,281</u>	<u>84,075</u>	13%
Liabilities	\$ <u>31,361</u>	<u>44,425</u>	<u>(13,064)</u>	(29%)
Net position	\$ <u>719,995</u>	<u>622,856</u>	<u>97,139</u>	16%

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

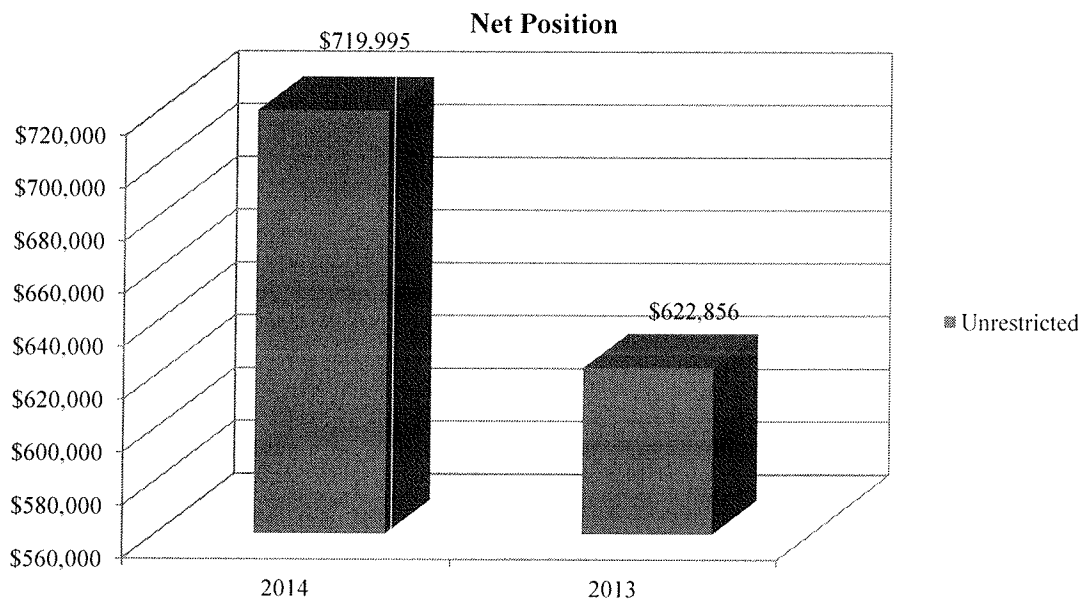
At June 30, 2014, the Auxiliary's total net position increased by \$97,139 or 16%, compared to the previous year.

At June 30, 2014, the Auxiliary's assets increased by \$84,075 or 13%, compared to the previous year. This variance resulted mainly from an increase in due from related party in fiscal year 2014.

At June 30, 2014, the Auxiliary's total current liabilities decreased by \$13,064 or 29%, compared to the previous year. This variance resulted mainly from a decrease in accrued expenses in fiscal year 2014.

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, 2014 and 2013 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, 2014 and 2013, are as follows:

Revenue

	<u>2014</u>	<u>2013</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Bookstore commissions	\$ 118,601	170,833	(52,232)	(31%)
Cafeteria and vending commissions	122,847	113,458	9,389	8%
Parking fees	204,145	202,533	1,612	1%
Facility rentals	166,585	-	166,585	100%
Royalty	151,362	60,568	90,794	150%
Other	<u>570</u>	<u>390</u>	<u>180</u>	46%
Total operating revenue	764,110	547,782	216,328	39%
Nonoperating revenue:				
Interest income	2,236	4,545	(2,309)	(51%)
Contributions	<u>75,000</u>	<u>-</u>	<u>75,000</u>	100%
Total revenue	\$ <u>841,346</u>	<u>552,327</u>	<u>289,019</u>	52%

The Auxiliary's total revenue for the year ended June 30, 2014 amounted to \$841,346, an increase of \$289,019 or 52%, compared to the previous year. The major components of this variance were related to the new royalty contract with Pepsi-Cola and the addition of facility rentals revenue.

For the year ended June 30, 2014, cafeteria and vending commissions, parking fees, and facility rentals represented 15%, 24% and 20% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

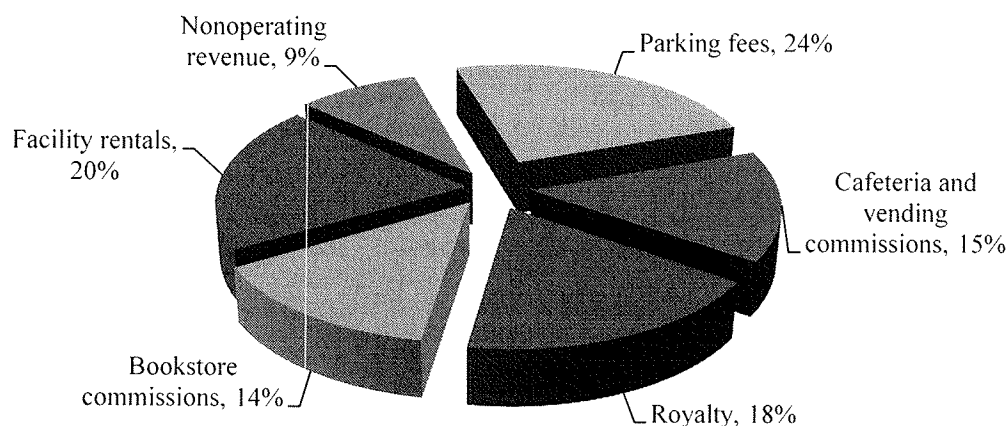
There were no other significant or unexpected changes in the Auxiliary's revenue.

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, 2014:

Revenue by Source



Expenses

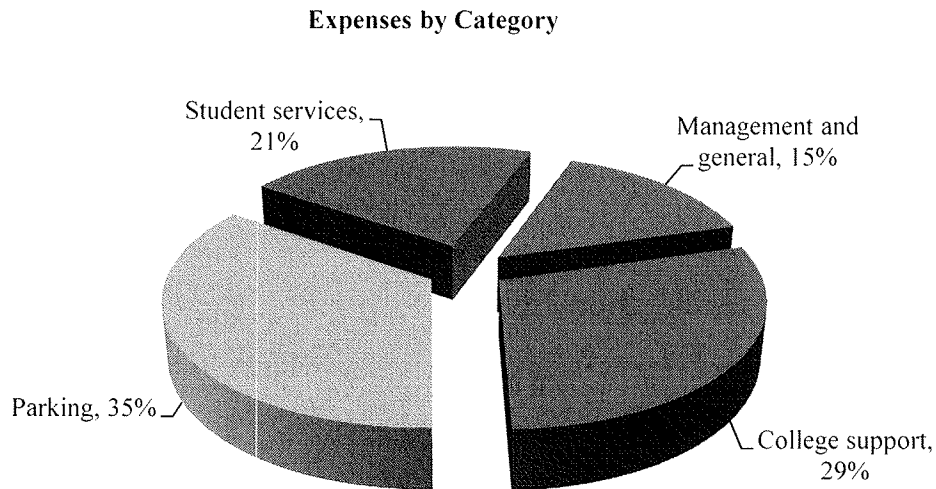
	<u>2014</u>	<u>2013</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 263,993	269,526	(5,533)	(2%)
Student services	156,518	170,405	(13,887)	(8%)
Management and general	<u>111,838</u>	<u>112,040</u>	<u>(202)</u>	(1%)
Total operating expenses	532,349	551,971	(19,622)	(4%)
Nonoperating expenses - college support	<u>211,858</u>	<u>107,030</u>	<u>104,828</u>	98%
Total expenses	\$ <u>744,207</u>	<u>659,001</u>	<u>85,206</u>	13%

Total expenses for the year ended June 30, 2014 were \$744,207, an increase of \$85,206 or 13%, compared to the previous year. The major component of this variance was related to an increase in college support of \$104,828. This was a result of a special technology project expense related to college festivities.

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

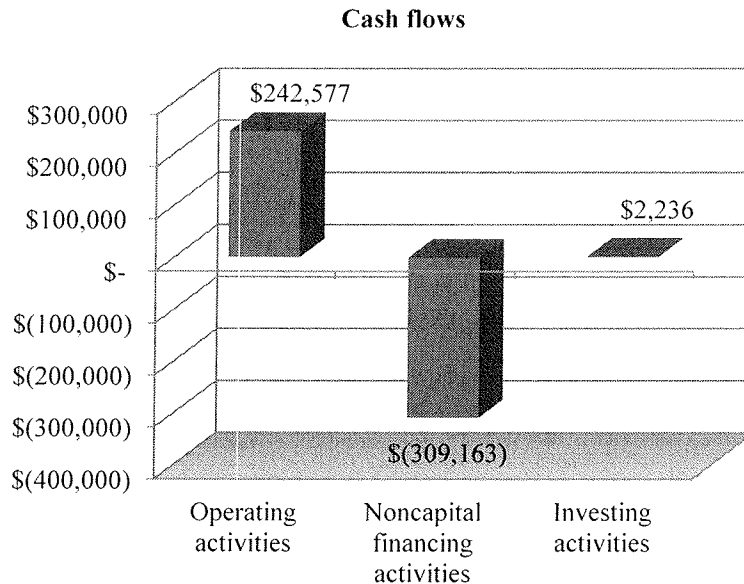
BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2014:



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, 2014:



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, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and equivalents	\$ 561,353	625,703
Commissions receivable	10,262	36,666
Accounts receivable - other	173,105	-
Prepaid expenses and other assets	<u>6,636</u>	<u>4,912</u>
Total assets	<u>751,356</u>	<u>667,281</u>
<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses	<u>31,361</u>	<u>44,425</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 719,995</u>	<u>622,856</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 118,601	170,833
Cafeteria and vending	122,847	113,458
Parking fees	204,145	202,533
Facility rentals	166,585	-
Royalty	151,362	60,568
Other	<u>570</u>	<u>390</u>
Total operating revenue	<u>764,110</u>	<u>547,782</u>
Operating expenses:		
Parking	263,993	269,526
Student services	156,518	170,405
Management and general	<u>111,838</u>	<u>112,040</u>
Total operating expenses	<u>532,349</u>	<u>551,971</u>
Income (loss) from operations	<u>231,761</u>	<u>(4,189)</u>
Nonoperating revenue (expenses):		
Interest income	2,236	4,545
Contributions	75,000	-
College support:		
College activities	(44,210)	(46,853)
Facilities construction	(13,654)	(59,750)
Technology project	(152,617)	-
Other	<u>(1,377)</u>	<u>(427)</u>
Total nonoperating revenue (expenses), net	<u>(134,622)</u>	<u>(102,485)</u>
Increase (decrease) in net position	97,139	(106,674)
Net position at beginning of year	<u>622,856</u>	<u>729,530</u>
Net position at end of year	<u><u>\$ 719,995</u></u>	<u><u>622,856</u></u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 123,599	160,611
Cafeteria and vending commissions	136,480	126,907
Parking fees	204,145	202,532
Facility rentals	179,240	-
Royalty	159,135	52,795
Other	570	390
Cash payments to/for:		
Employees' salaries and benefits	(258,824)	(264,204)
Vendors	(189,930)	(169,733)
Dues and fees	(109,460)	(109,460)
Other	<u>(2,378)</u>	<u>(2,580)</u>
Net cash provided by (used in) operating activities	<u>242,577</u>	<u>(2,742)</u>
Cash flows from noncapital financing activities:		
Contributions	75,000	-
College support	(211,858)	(107,030)
Accounts receivable - other	<u>(172,305)</u>	<u>-</u>
Net cash used by noncapital financing activities	(309,163)	(107,030)
Cash flows from investing activities - interest income	<u>2,236</u>	<u>4,545</u>
Net decrease in cash and equivalents	(64,350)	(105,227)
Cash and equivalents at beginning of the year	<u>625,703</u>	<u>730,930</u>
Cash and equivalents at end of the year	<u>\$ 561,353</u>	<u>625,703</u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Cash Flows, Continued
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	\$ 231,761	(4,189)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Changes in:		
Commissions receivable	26,404	(4,547)
Accounts receivable - other	(800)	-
Prepaid expenses and other assets	(1,724)	347
Accounts payable and accrued expenses	<u>(13,064)</u>	<u>5,647</u>
Net cash provided by (used in) operating activities	<u>\$ 242,577</u>	<u>(2,742)</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2014 and 2013

(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) and applicable Governmental Accounting Standards Board (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 discretely presented 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. 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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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 2014 and 2013.

(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.

(f) 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.

(g) 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. The contract was renewed for a three year term commencing as of July 1, 2013 and expiring on June 30, 2016. Total bookstore commissions earned during the years ended June 30, 2014 and 2013 amounted to \$193,601 and \$170,833, respectively.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) 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. The contract was renewed for a five year term commencing on July 8, 2014 and expiring on July 7, 2019. Total cafeteria and vending commissions earned during the years ended June 30, 2014 and 2013 amounted to \$122,847 and \$113,458, respectively.

(h) 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.

(i) Royalty Income

As of July 1, 2013, the University entered into a ten-year CUNY-wide pouring rights contract with Pepsi-Cola Bottling Company of New York, Inc. regarding the supply and distribution of certain beverages for consumption at the University. This contract replaces all previous pouring rights contracts, whether with Coke or Pepsi, and including those with college auxiliary enterprise corporations.

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.

(j) 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.

(k) 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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(l) Subsequent Events

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

(m) 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, 2010, 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, 2014, \$369,234 of the Auxiliary's bank balance of \$620,234 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, 2014 and 2013, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net position at June 30, 2014 and 2013 include approximately \$211,858 designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2014 and 2013 include approximately \$5,445 and \$5,322, 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) Accounts Receivable - Other

Included in accounts receivable - other is funding in the amount of \$172,305 provided to the College for storm damage during the year ended June 30, 2014 which is expected to be reimbursed by FEMA.

(6) Accounting Standards Issued But Not Yet Implemented

- 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.
- 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. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the Auxiliary implements GASB Statement No. 68. This statement is not expected to have a material effect on the financial statements of the Auxiliary.

November 25, 2014

CONFIDENTIAL

The Board of Directors
Brooklyn College Auxiliary Enterprise Corporation

Dear Board Members:

We have completed our audit of the financial statements of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) for the year ended June 30, 2014. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comment and recommendation based upon observations made during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Auxiliary.

Non-profit Revitalization Act

In December 2013, the Non-profit Revitalization Act was signed into law in New York State. This act, which impacts the Auxiliary's accounting and auditing functions, became effective July 1, 2014. Among the new requirements are the establishment of a designated audit committee with independent Directors, increased scrutiny of related party transactions, and a mandatory requirement to establish a conflict of interest policy. We recommend that management review the specific requirements of the new Act and make appropriate efforts to become compliant with it.

* * * * *

We take this opportunity to thank the staff of the Auxiliary for the courtesy and cooperation extended to us during our audit. If you have any questions regarding the foregoing comment or wish any assistance in its implementation, please contact us at your convenience.

Very truly yours,

TOSKI & CO., CPAs, P.C.



Douglas E. Zimmerman, CPA
Managing Director

REPORT TO THE BOARD

November 25, 2014

The Board of Directors
Brooklyn College Auxiliary Enterprise Corporation

Dear Board Members:

We have audited the financial statements of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) as of and for the year ended June 30, 2014, and have issued our report thereon dated November 25, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 29, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Auxiliary are described in note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Auxiliary during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended June 30, 2014, we evaluated the key factors and assumptions used by management in determining accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of custodial credit risk in note 3.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Auxiliary's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Auxiliary's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of the Brooklyn College Auxiliary Enterprise Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TOSKI & CO., CPAs, P.C.