

BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION
Financial Statements and
Supplementary Information
June 30, 2018 and 2017
(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, 2018 and 2017, 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, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2018

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2018

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Brooklyn College Auxiliary Enterprise Corporation's (the Auxiliary) financial position as of June 30, 2018, 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 \$207,739 or 15%. This variance is mainly due to a decrease in both operating revenue and nonoperating revenue.
- Operating revenue decreased by \$127,668 or 15%. This variance is a result of the reduction in cafeteria revenue, facility rentals and closure of the campus bookstore resulting in decreased revenue.
- Operating expenses decreased by \$97,778 or 16%. This variance is a result of a decrease in parking and student services expenses.

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, 2018 and 2017, under the accrual basis of accounting:

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 1,202,083	1,342,446	(140,363)	(10%)
Noncurrent - capital assets, net	<u>-</u>	<u>67,276</u>	<u>(67,276)</u>	(100%)
Total assets	<u>1,202,083</u>	<u>1,409,722</u>	<u>(207,639)</u>	(15%)
Liabilities	<u>45,460</u>	<u>45,360</u>	<u>100</u>	1%
Net position:				
Net investment in capital assets	-	67,276	(67,276)	(100%)
Unrestricted	<u>1,156,623</u>	<u>1,297,086</u>	<u>(140,463)</u>	(11%)
Total net position	\$ <u>1,156,623</u>	<u>1,364,362</u>	<u>(207,739)</u>	(15%)

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

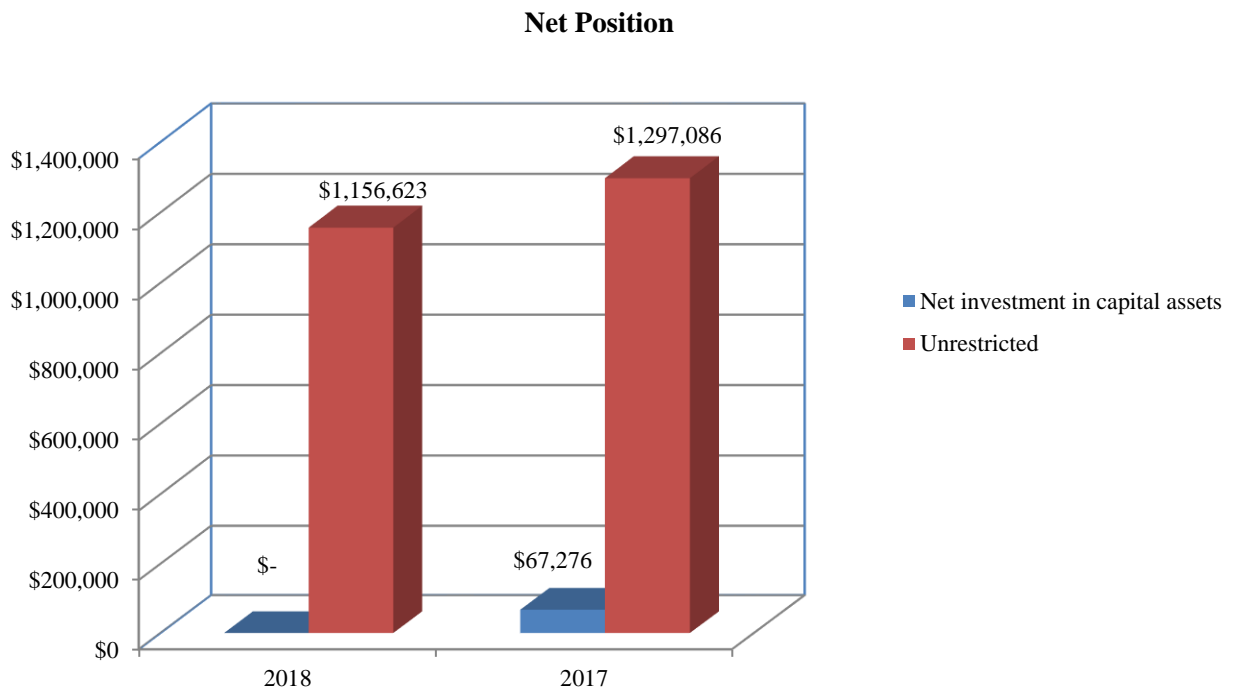
At June 30, 2018, the Auxiliary's total net position decreased by \$207,739 or 15%, compared to the previous year.

At June 30, 2018, the Auxiliary's assets decreased by \$207,639 or 15%, compared to the previous year. This variance is a result of a decrease in both operating revenue and nonoperating revenue over the prior year.

At June 30, 2018, the Auxiliary's total current liabilities increased by \$100 or 1%, compared to the previous year. This variance resulted primarily from an increase in accrued expenses over the prior year.

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, 2018 and 2017 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, 2018 and 2017, are as follows:

Revenue

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Bookstore commissions	\$ -	83,572	(83,572)	(100%)
Virtual bookstore commissions	33,072	-	33,072	100%
Cafeteria and vending commissions	147,825	176,583	(28,758)	(16%)
Parking fees	217,551	206,466	11,085	5%
Facility rentals	163,052	248,302	(85,250)	(34%)
Testing	34,013	-	34,013	100%
Royalty	101,046	108,584	(7,538)	(7%)
ATM revenue	11,650	11,400	250	2%
Other	<u>585</u>	<u>1,555</u>	<u>(970)</u>	(62%)
Total operating revenue	708,794	836,462	(127,668)	(15%)
Nonoperating revenue:				
Interest income	4,477	4,494	(17)	(1%)
Transfer from member's organization	18,686	-	18,686	100%
Contributions	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	(100%)
Total revenue	\$ <u>731,957</u>	<u>940,956</u>	<u>(208,999)</u>	(22%)

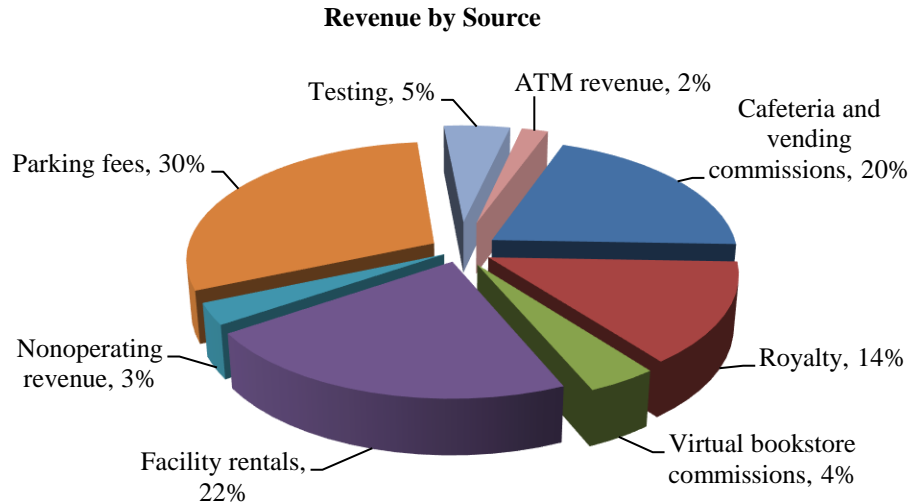
The Auxiliary's total revenue for the year ended June 30, 2018 amounted to \$731,957, a decrease of \$208,999 or 22%, compared to the previous year. The major component of this variance was due to a decrease in cafeteria revenue, facility rentals and closure of the campus bookstore.

For the year ended June 30, 2018, cafeteria and vending commissions, parking fees and facility rentals represented 20%, 30% and 22% 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, 2018:



Expenses

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 213,615	267,617	(54,002)	(20%)
Student services	157,898	186,453	(28,555)	(15%)
Management and general	137,034	145,165	(8,131)	(6%)
Depreciation	<u>9,729</u>	<u>16,819</u>	<u>(7,090)</u>	(42%)
Total operating expenses	518,276	616,054	(97,778)	(16%)
Nonoperating expenses - College support	<u>421,420</u>	<u>371,119</u>	<u>50,301</u>	14%
Total expenses	\$ <u>939,696</u>	<u>987,173</u>	<u>(47,477)</u>	(5%)

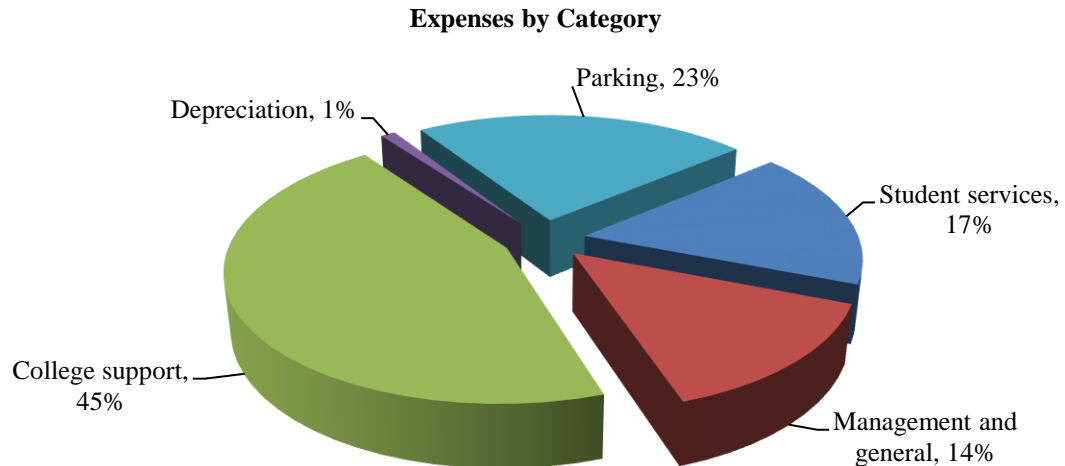
Total expenses for the year ended June 30, 2018 were \$939,696, a decrease of \$47,477 or 5%, compared to the previous year. This variance was due to a decrease in parking and student services expenses and an increase in College support.

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

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

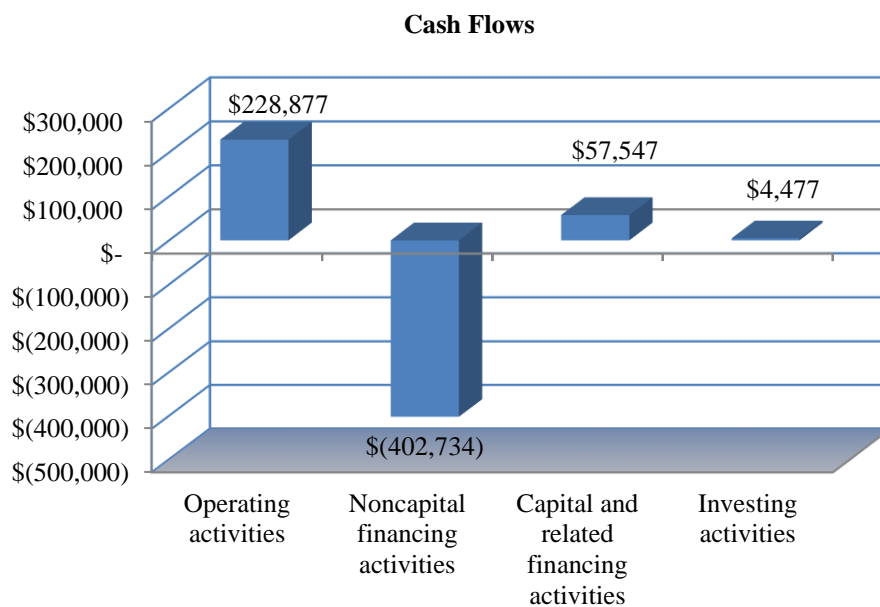
Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2018:



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, 2018:



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, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and equivalents	\$ 1,129,799	1,241,632
Commissions receivable	22,988	46,252
Accounts receivable - other, net of allowance for doubtful account of \$30,000 in 2018 and 2017	43,528	42,406
Prepaid expenses and other assets	<u>5,768</u>	<u>12,156</u>
Total current assets	1,202,083	1,342,446
Noncurrent assets - capital assets, net	<u>-</u>	<u>67,276</u>
Total assets	<u>1,202,083</u>	<u>1,409,722</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	34,210	34,110
Unearned revenue	<u>11,250</u>	<u>11,250</u>
Total current liabilities	<u>45,460</u>	<u>45,360</u>
<u>Net Position</u>		
Net investment in capital assets	-	67,276
Unrestricted	<u>1,156,623</u>	<u>1,297,086</u>
	<u>\$ 1,156,623</u>	<u>1,364,362</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Commissions:		
Bookstore	\$ -	83,572
Virtual bookstore	33,072	-
Cafeteria and vending	147,825	176,583
Parking fees	217,551	206,466
Facility rentals	163,052	248,302
Testing	34,013	-
Royalty	101,046	108,584
ATM revenue	11,650	11,400
Other	<u>585</u>	<u>1,555</u>
Total operating revenue	<u>708,794</u>	<u>836,462</u>
Operating expenses:		
Parking	213,615	267,617
Student services	157,898	186,453
Management and general	137,034	145,165
Depreciation	<u>9,729</u>	<u>16,819</u>
Total operating expenses	<u>518,276</u>	<u>616,054</u>
Income from operations	<u>190,518</u>	<u>220,408</u>
Nonoperating revenue (expenses):		
Interest income	4,477	4,494
Transfer from member's organization	18,686	-
Contributions	-	100,000
College support:		
College activities	(315,946)	(309,986)
Facilities construction	(6,459)	(13,500)
Orientation project	(13,902)	(26,654)
Technology project	-	(20,139)
Donation to Brooklyn College	(84,646)	-
Other	<u>(467)</u>	<u>(840)</u>
Total nonoperating revenue (expenses), net	<u>(398,257)</u>	<u>(266,625)</u>
Decrease in net position	(207,739)	(46,217)
Net position at beginning of year	<u>1,364,362</u>	<u>1,410,579</u>
Net position at end of year	<u><u>\$ 1,156,623</u></u>	<u><u>1,364,362</u></u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ -	88,879
Virtual bookstore commissions	31,928	-
Cafeteria and vending commissions	171,089	171,896
Parking fees	217,551	206,466
Facility rentals	163,774	260,838
Testing	34,013	-
Royalty	101,046	108,584
ATM revenue	10,950	9,300
Other	585	31,555
Cash payments to/for:		
Employees' salaries and benefits	(236,518)	(257,118)
Vendors	(142,450)	(249,805)
Dues and fees	(121,118)	(113,275)
Other	<u>(1,973)</u>	<u>(31,890)</u>
Net cash provided by operating activities	<u>228,877</u>	<u>225,430</u>
Cash flows from noncapital financing activities:		
Contributions	-	100,000
Transfer from member's organization	18,686	-
College support	<u>(421,420)</u>	<u>(371,119)</u>
Net cash used in noncapital financing activities	<u>(402,734)</u>	<u>(271,119)</u>
Cash flows from capital and related financing activities:		
Disposal of capital assets	84,646	-
Purchase of capital assets	<u>(27,099)</u>	<u>(84,095)</u>
Net cash provided by (used in) capital and related financing activities	<u>57,547</u>	<u>(84,095)</u>
Cash flows from investing activities - interest income	<u>4,477</u>	<u>4,494</u>
Net decrease in cash and equivalents	(111,833)	(125,290)
Cash and equivalents at beginning of the year	<u>1,241,632</u>	<u>1,366,922</u>
Cash and equivalents at end of the year	<u>\$ 1,129,799</u>	<u>1,241,632</u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Cash Flows, Continued

	<u>2018</u>	<u>2017</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 190,518	220,408
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	9,729	16,819
Increase in allowance for doubtful accounts	-	30,000
Changes in:		
Commissions receivable	23,264	620
Accounts receivable - other	(1,122)	10,436
Prepaid expenses and other assets	6,388	(5,966)
Accounts payable and accrued expenses	<u>100</u>	<u>(46,887)</u>
Net cash provided by operating activities	<u>\$ 228,877</u>	<u>225,430</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2018 and 2017

(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 entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Auxiliary is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Auxiliary is required to report information regarding its financial position and activities according to the following 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 no restricted net position in 2018 and 2017.

(c) Cash and Equivalents

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

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(e) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$5,000 or more for all assets. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful life of equipment and building improvements is five and ten years, respectively.

(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.

Revenue collected prior to year end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(g) Commissions

Virtual bookstore commissions represent income earned under a contract with a third-party vendor, who operates and maintains the online 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 expires on June 30, 2022. Total virtual bookstore commissions earned during the year ended June 30, 2018 amounted to \$33,072.

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, 2018 and 2017 amounted to \$147,825 and \$176,583, respectively.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

(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.

(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.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(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, 2018, \$250,000 of the Auxiliary's bank balance of \$1,138,051 was covered by FDIC insurance. The remaining \$888,051 was covered by a letter of credit through Signature Bank guaranteeing the funds. At June 30, 2018, the Auxiliary was not exposed to custodial credit risk.

(4) Accounts Receivable - Other

As of June 30, 2018 and 2017 accounts receivable - other included funds in the amount of \$68,984 that will be provided to the College for storm damage sustained during October 2012 which is expected to be reimbursed by FEMA. As of June 30, 2018 and 2017, the Auxiliary had recorded a \$30,000 allowance for doubtful accounts related to this receivable.

(5) Capital Assets

At June 30, 2018 and 2017, capital assets consisted of the following:

	2018			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Equipment	\$ 84,095	27,099	(111,194)	-
Less accumulated depreciation	<u>(16,819)</u>	<u>(9,729)</u>	<u>26,548</u>	<u>-</u>
	\$ <u>67,276</u>	<u>17,370</u>	<u>(84,646)</u>	<u>-</u>
	2017			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Equipment	\$ -	84,095	-	84,095
Less accumulated depreciation	<u>-</u>	<u>(16,819)</u>	<u>-</u>	<u>(16,819)</u>
	\$ <u>-</u>	<u>67,276</u>	<u>-</u>	<u>67,276</u>

During fiscal year 2018, the Auxiliary transferred all fixed assets to Brooklyn College.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(6) 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, 2018 and 2017, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net position at June 30, 2018 and 2017 include approximately \$421,420 and \$371,119, respectively, designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2018 and 2017 include approximately \$13,394 and \$10,664, 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.

(7) Accounting Standards Issued But Not Yet Implemented

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

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the 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

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

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred Before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.