

BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION

Financial Statements and
Supplementary Information

June 30, 2020 and 2019

(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, 2020 and 2019, 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, 2020 and 2019, 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 5, 2020

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2020

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, 2020, 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 \$280,928 or 22%. This variance is mainly due to a decrease in college support and a transfer of net position from the Center for Performing Arts.
- Operating revenue decreased by \$199,867 or 18%. This variance is a result of a decrease in commission revenue, facility rentals and Kiosk sim card revenue.
- Operating expenses increased by \$113,058 or 18%. This variance is a result of an increase in donated service and management and general 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, 2020 and 2019, under the accrual basis of accounting:

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 1,562,340	1,348,352	213,988	16%
Noncurrent assets	<u>37,440</u>	<u>-</u>	<u>37,440</u>	100%
Total assets	<u>1,599,780</u>	<u>1,348,352</u>	<u>251,428</u>	19%
Liabilities	<u>49,575</u>	<u>79,075</u>	<u>(29,500)</u>	(37%)
Net position:				
Net investment in capital assets	37,440	-	37,440	100%
Unrestricted	<u>1,512,765</u>	<u>1,269,277</u>	<u>243,488</u>	19%
	<u>\$ 1,550,205</u>	<u>1,269,277</u>	<u>280,928</u>	22%

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

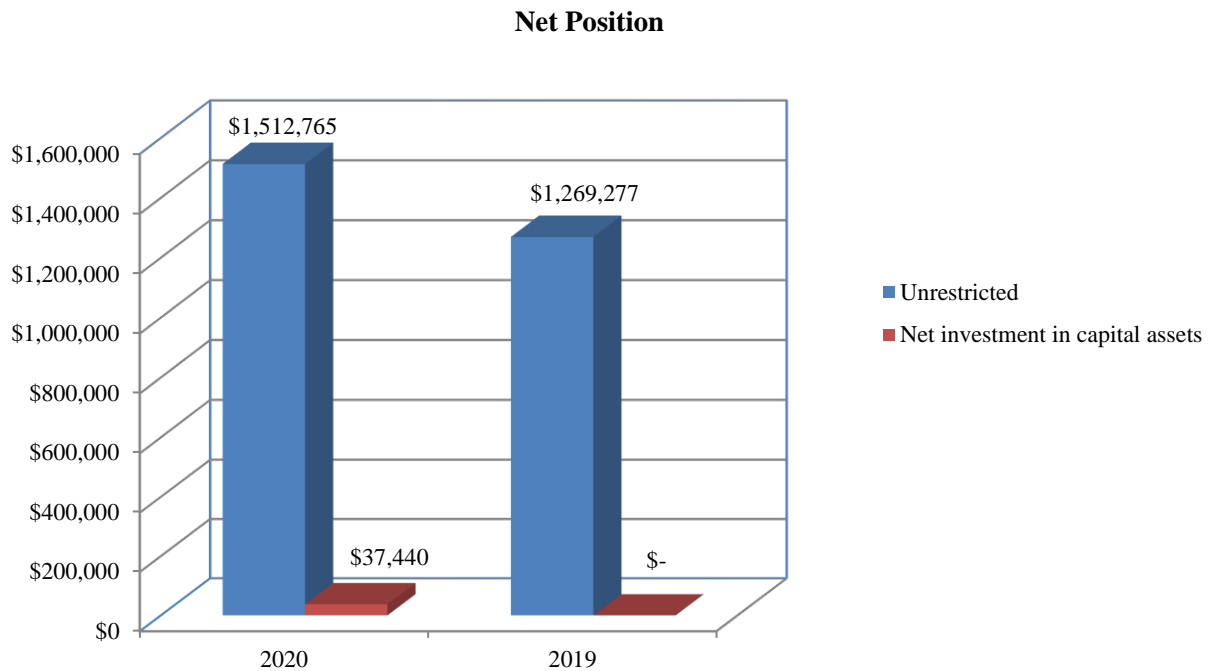
At June 30, 2020, the Auxiliary's total net position increased by \$280,928 or 22%, compared to the previous year.

At June 30, 2020, the Auxiliary's current assets increased by \$213,988 or 16% and noncurrent assets increased by \$37,440 or 100% compared to the previous year. This variance is a result of a fund balance transfer from performing art center and an increase in BCBC operating revenue. Additionally, the Auxiliary invested in building improvements during the year.

At June 30, 2020, the Auxiliary's total liabilities decreased by \$29,500 or 37%, compared to the previous year. This variance resulted primarily from a decrease in the amount due to a related party 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, 2020 and 2019 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, 2020 and 2019, are as follows:

Revenue

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Bookstore commissions	\$ -	16,428	(16,428)	(100%)
Virtual bookstore commissions	32,640	27,074	5,566	21%
Cafeteria and vending commissions	77,797	148,890	(71,093)	(48%)
Kiosk sim card commissions	-	20,000	(20,000)	(100%)
Kiosk print and copy commissions	15,819	40,383	(24,564)	(61%)
Regalia and memorabilia commissions	43,147	40,885	2,262	6%
Parking fees	191,769	188,507	3,262	2%
Facility rentals	139,046	290,228	(151,182)	(52%)
Testing	36,367	79,172	(42,805)	(54%)
Royalty	76,009	86,028	(10,019)	(12%)
Sri@jamaica bay	10,771	5,550	5,221	94%
Donated service	211,836	136,332	75,504	55%
ATM revenue	7,200	10,000	(2,800)	(28%)
BCBC revenue	36,904	-	36,904	100%
Grant revenue	10,000	-	10,000	100%
Other	<u>1,046</u>	<u>741</u>	<u>305</u>	41%
Total operating revenue	890,351	1,090,218	(199,867)	(18%)
Nonoperating revenue - interest income	<u>5,526</u>	<u>5,697</u>	<u>(171)</u>	(3%)
Total revenue	\$ <u>895,877</u>	<u>1,095,915</u>	<u>(200,038)</u>	(18%)

The Auxiliary's total revenue for the year ended June 30, 2020 amounted to \$895,877 a decrease of \$200,038 or 18%, compared to the previous year. The major components of this variance were due to an increase in donated service revenue offset by decreases in cafeteria revenue, facility rentals and Kiosk commission resulting in decreased revenue.

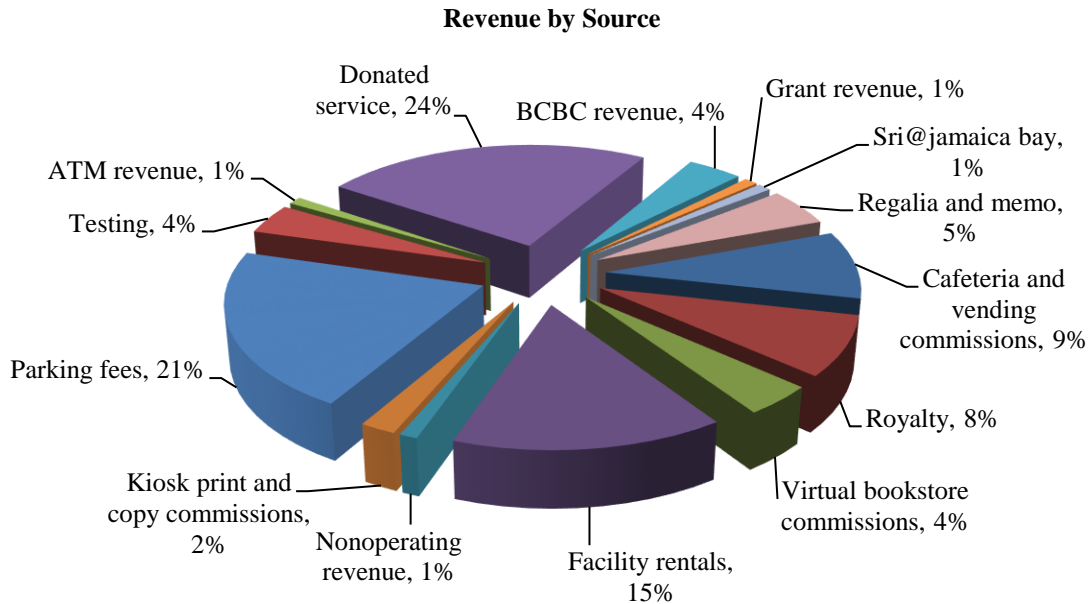
For the year ended June 30, 2020, cafeteria and vending commissions, parking fees, facility rentals and donated service represented 9%, 21%, 15% and 24% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

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, 2020:



Expenses

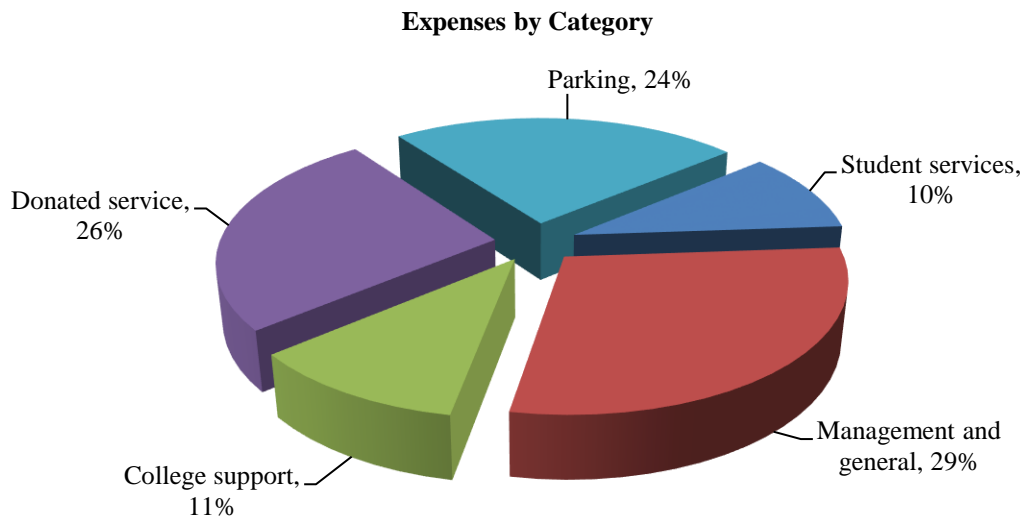
	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 196,324	192,871	3,453	2%
Student services	85,457	137,568	(52,111)	(38%)
Management and general	232,612	147,960	84,652	57%
Donated service	211,836	136,332	75,504	55%
Depreciation	<u>1,560</u>	<u>-</u>	<u>1,560</u>	100%
Total operating expenses	727,789	614,731	113,058	18%
Nonoperating expenses - College support	<u>85,674</u>	<u>368,530</u>	<u>(282,856)</u>	<u>(77%)</u>
Total expenses	\$ <u>813,463</u>	<u>983,261</u>	<u>(169,798)</u>	<u>(17%)</u>

Total expenses for the year ended June 30, 2020 were \$813,463, a decrease of \$169,798 or 17%, compared to the previous year. This variance was primarily due to a decrease in College support and student services expenses.

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

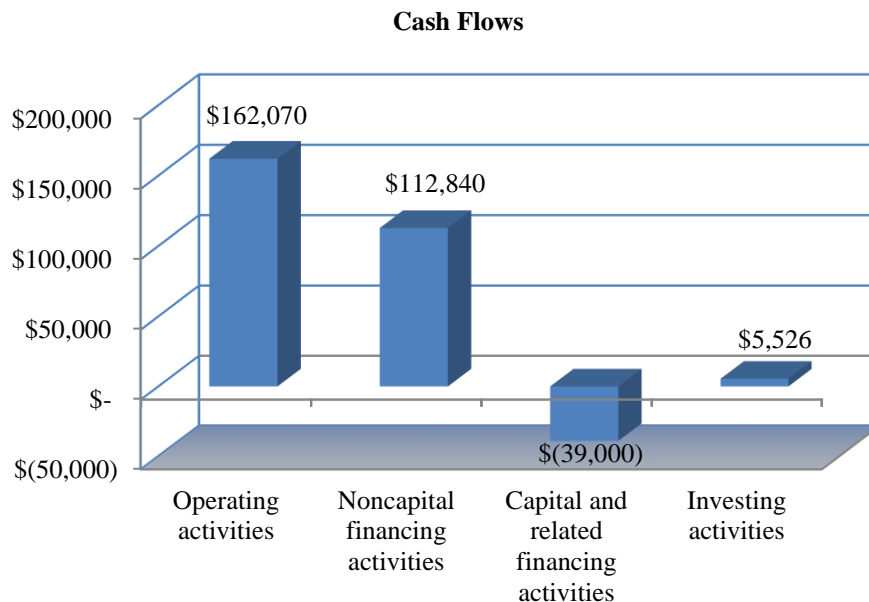
BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2020:



Cash Flows

The statements of cash flows provide information about cash receipts and cash payments during the year. These statements assist 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, 2020:



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, and COVID-19 whose effect is not presently determinable.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Net Position

June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 1,474,386	1,232,950
Commissions receivable	30,257	34,571
Accounts receivable - other, net of allowance for doubtful accounts of \$62,086 in 2020 and \$30,000 in 2019	39,742	75,568
Prepaid expenses and other assets	<u>17,955</u>	<u>5,263</u>
	1,562,340	1,348,352
Noncurrent assets - capital assets, net	<u>37,440</u>	<u>-</u>
Total assets	<u>1,599,780</u>	<u>1,348,352</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	38,325	19,214
Due to related party	-	59,861
Unearned revenue	<u>11,250</u>	<u>-</u>
Total liabilities	<u>49,575</u>	<u>79,075</u>
<u>Net Position</u>		
Net investment in capital assets	37,440	-
Unrestricted	<u>1,512,765</u>	<u>1,269,277</u>
Total net position	<u>\$ 1,550,205</u>	<u>1,269,277</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Commissions:		
Bookstore	\$ -	16,428
Virtual bookstore	32,640	27,074
Cafeteria and vending	77,797	148,890
Kiosk sim card	-	20,000
Kiosk print and copy	15,819	40,383
Regalia and memorabilia	43,147	40,885
Parking fees	191,769	188,507
Facility rentals	139,046	290,228
Testing	36,367	79,172
Royalty	76,009	86,028
Sri@jamaica bay	10,771	5,550
Donated service	211,836	136,332
ATM revenue	7,200	10,000
BCBC revenue	36,904	-
Grant revenue	10,000	-
Other	1,046	741
	<u>890,351</u>	<u>1,090,218</u>
Total operating revenue		
Operating expenses:		
Parking	196,324	192,871
Student services	85,457	137,568
Management and general	232,612	147,960
Donated service	211,836	136,332
Depreciation	1,560	-
	<u>727,789</u>	<u>614,731</u>
Total operating expenses		
Income from operations	<u>162,562</u>	<u>475,487</u>
Nonoperating revenue (expenses):		
Interest income	5,526	5,697
College support:		
College activities	(80,519)	(316,993)
Facilities construction	(5,155)	(51,537)
	<u>(80,148)</u>	<u>(362,833)</u>
Total nonoperating revenue (expenses), net		
Change in net position	82,414	112,654
Net position at beginning of year	1,269,277	1,156,623
Transfer from related entity (note 10)	198,514	-
Net position at end of year	<u>\$ 1,550,205</u>	<u>1,269,277</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ -	16,428
Virtual bookstore commissions	31,911	27,203
Cafeteria and vending commissions	82,111	137,307
Kiosk sim card	-	20,000
Kiosk print and copy	16,222	39,980
Regalia and memorabilia	43,147	40,885
Parking fees	191,769	188,507
Facility rentals	166,801	253,113
Testing	36,367	79,172
Royalty	76,009	86,028
Sri@jamaica bay	10,771	5,550
ATM revenue	4,650	10,200
BCBC revenue	30,914	-
Other	7,147	(5,360)
Cash payments to/for:		
Employees' salaries and benefits	(207,135)	(136,990)
Vendors	(296,541)	(264,259)
Dues and fees	(29,683)	(29,590)
Other	(2,390)	(2,190)
Net cash provided by operating activities	<u>162,070</u>	<u>465,984</u>
Cash flows from noncapital financing activities:		
Transfer from related entity	198,514	-
College support	(85,674)	(368,530)
Net cash provided by (used in) noncapital financing activities	<u>112,840</u>	<u>(368,530)</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>(39,000)</u>	<u>-</u>
Cash flows from investing activities - interest income	<u>5,526</u>	<u>5,697</u>
Net change in cash and equivalents	241,436	103,151
Cash and equivalents at beginning of the year	<u>1,232,950</u>	<u>1,129,799</u>
Cash and equivalents at end of the year	<u><u>\$ 1,474,386</u></u>	<u><u>1,232,950</u></u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 162,562	475,487
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,560	-
Increase in provision for doubtful accounts	32,086	-
Changes in:		
Commissions receivable	4,314	(11,583)
Accounts receivable - other	3,740	(32,040)
Prepaid expenses and other assets	(12,692)	505
Accounts payable and accrued expenses	19,111	(14,996)
Due to related party	(59,861)	59,861
Unearned revenue	<u>11,250</u>	<u>(11,250)</u>
Net cash provided by operating activities	<u>\$ 162,070</u>	<u>465,984</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2020 and 2019

(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 2020.

(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 lives of equipment and building improvements are five and twenty-five 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 years ended June 30, 2020 and 2019 amounted to \$32,640 and \$27,074, respectively.

Cafeteria and vending commissions represent income earned under a contract with a third-party vendor for the sale of food and nonalcoholic beverages on the College's premises. The terms of the contract provide the Auxiliary with annual commissions based on a percentage of sales. The existing contract was for a five-year term commencing on July 8, 2014 expiring on July 7, 2019. The contract was renewed for a two-year term expiring July 7, 2021. Total cafeteria and vending commissions earned during the years ended June 30, 2020 and 2019 amounted to \$77,797 and \$148,890, respectively.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Donated Services

The Auxiliary operates on the campus of the College and utilizes certain services made available to it. The cost savings associated with any such arrangements are recorded as donated services and are recognized as revenue and expenses in the accompanying statements of revenue, expenses and changes in net position, based on the estimated fair value of services received (note 7).

(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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Auxiliary and its future results and financial position is not presently determinable.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

(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, 2020, \$250,000 of the Auxiliary's bank balance of \$1,474,087 was covered by FDIC insurance. The remaining \$1,224,087 was covered by a letter of credit through Signature Bank guaranteeing the funds. At June 30, 2020, the Auxiliary was not exposed to custodial credit risk.

(4) Accounts Receivable - Other

As of June 30, 2020, and 2019 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, 2020, and 2019, the Auxiliary had recorded a \$62,086 and \$30,000 allowance for doubtful accounts, respectively, related to this receivable.

(5) Capital Assets

At June 30, 2020, capital assets consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Building improvements	\$ -	39,000	-	39,000
Less accumulated depreciation	-	(1,560)	-	(1,560)
	\$ -	<u>37,440</u>	<u>-</u>	<u>37,440</u>

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(6) Due to Related Party

During the year ended June 30, 2019, Brooklyn College Non-Tax Operating Account (the College) paid the payroll expenses for a certain individual employed by the Auxiliary. The total amount reimbursable to the College at June 30, 2019 was \$59,861 which the Auxiliary paid in full during 2020.

(7) Donated Services

The Auxiliary enterprise utilizes certain professional services provided by the College. The estimated fair values of professional services are included in the accompanying statements of revenue, expenses and changes in net position. Professional services for the years ended June 30, 2020 and 2019 amounted to \$211,836 and \$136,332, respectively.

(8) 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, 2020 and 2019, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net position at June 30, 2020 and 2019 include approximately \$85,674 and \$368,531, respectively, designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2020 and 2019 includes approximately \$15,324 and \$11,871, 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.

(9) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

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

- GASB Statement No. 84 - “Fiduciary Activities.” This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. 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. 87 - “Leases.” This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 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, 2020, which is the fiscal year beginning July 1, 2021 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 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

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

- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 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

(10) Transfer From Related Entity

During the year ended June 30, 2020, the Auxiliary received the entire net position from a related entity, Brooklyn College Center for Performing Arts (the Center). The Center was previously operating as part of Brooklyn College's Non-Tax entity and the entire net position of \$198,514 was transferred to the Auxiliary.