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REPORT TO THE BOARD

October 5, 2017

The Board of Directors
Auxiliary Enterprise Board of New York
City College of Technology, Inc.

Dear Board Members:

We have audited the financial statements of the Auxiliary Enterprise Board of New York City College of Technology, Inc. (the Auxiliary) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 5, 2017. 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 June 27, 2017. 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 2017. 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, 2017, we evaluated the key factors and assumptions used by management in determining that 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 disclosures affecting the financial statements were the disclosures of custodial credit risk in note 3 and related party transactions in note 10.

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 report, 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 Auxiliary Enterprise Board of New York City College of Technology, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

AUXILIARY ENTERPRISE BOARD
OF NEW YORK CITY COLLEGE
OF TECHNOLOGY, INC.

Financial Statements and
Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Auxiliary Enterprise Board of New York
City College of Technology, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Auxiliary Enterprise Board of New York City College of Technology, Inc. (the Auxiliary) as of and for the years ended June 30, 2017 and 2016, 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 the Auxiliary Enterprise Board of New York City College of Technology, Inc. as of June 30, 2017 and 2016, 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 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

EFPR Group, CPAs, PLLC

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
October 5, 2017

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Auxiliary Enterprise Board of New York City College of Technology, Inc.'s (the Auxiliary) financial position as of June 30, 2017, 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 $3,403 or 1%.
- Operating revenue increased by $31,967 or 1%.
- Operating expenses increased by $18,291 or 1%.

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 one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities and net position as of June 30, 2017 and 2016, under the accrual basis of accounting:

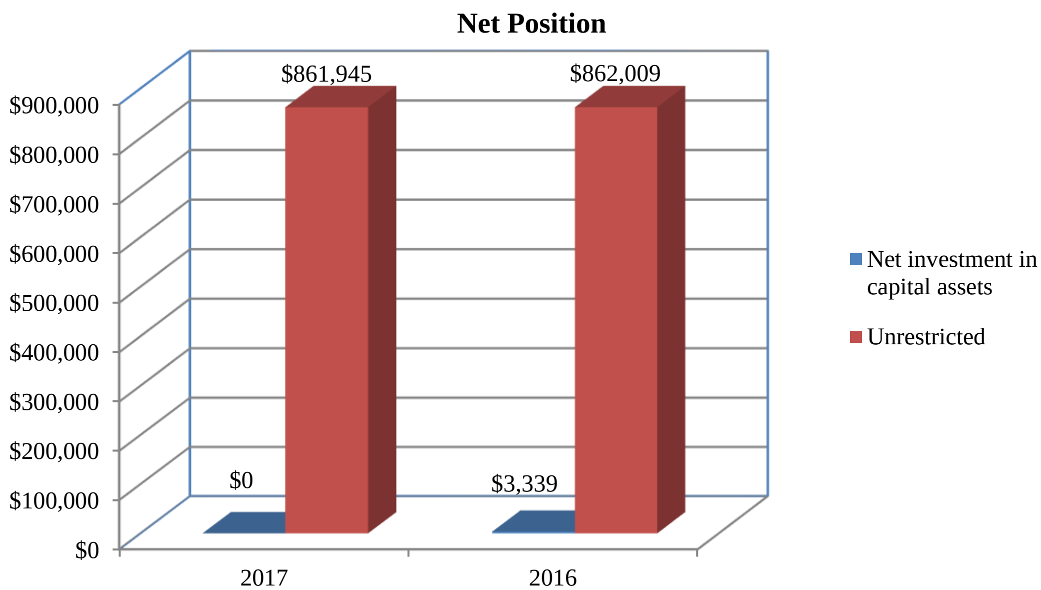
	2017	2016	Dollar change	Percent change
Assets:				
Current assets	$ 1,436,822	1,372,689	64,133	5%
Noncurrent assets	225,190	204,211	20,979	10%
Total assets	1,662,012	1,576,900	85,112	5%
Liabilities	800,067	711,552	88,515	12%
Net position:				
Net investment in capital assets	-	3,339	(3,339)	(100%)
Unrestricted	861,945	862,009	(64)	(1%)
Total net position	$ 861,945	865,348	(3,403)	(1%)

At June 30, 2017, the Auxiliary's total net position decreased by $3,403 or 1%, compared to the previous year. This decrease resulted from the Auxiliary having a $85,112 increase in total assets as well as an increase of $88,515 in total liabilities for the year ended June 30, 2017 as compared to the previous year.

At June 30, 2017, the Auxiliary's total assets increased by $85,112 or 5%, compared to the previous year. The majority of this variance resulted from an increase in cash and cash equivalents offset by a reduction in accounts receivable and due from related parties. In addition, an increase in liabilities of $88,515 or 12% was due to an increase in deposits held in custody for others of $22,623 along with an increase in accounts payable and accrued expenses of $60,700. The increase in accounts payable and accrued expenses was due to an increase of outstanding payables at year-end.

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, 2017 and 2016 by category:



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, 2017 and 2016, are as follows:

Revenue

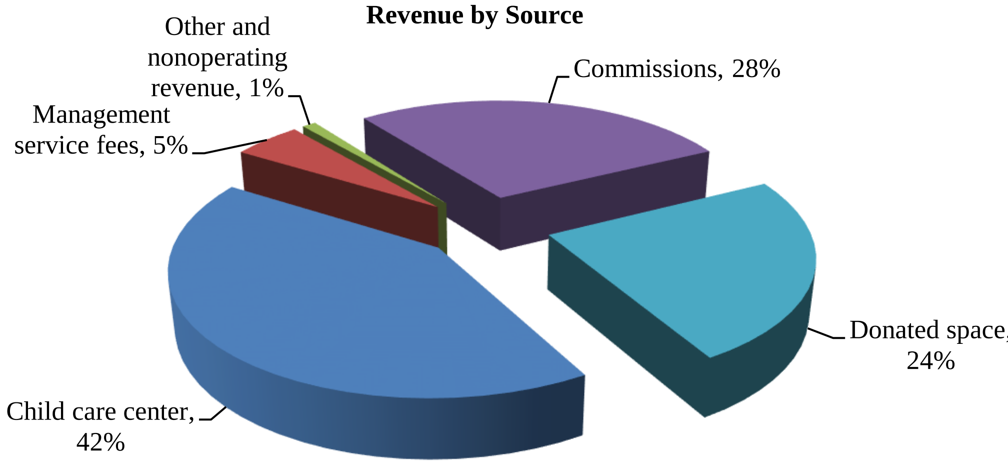
	2017	2016	Dollar change	Percent change
Operating revenue:				
Commissions	$ 651,122	667,771	(16,649)	(2%)
Child care center	977,548	960,999	16,549	2%
Management service fees	120,987	109,820	11,167	10%
Donated space	544,134	508,647	35,487	7%
Other	15,010	29,597	(14,587)	(49%)
Total operating revenue	2,308,801	2,276,834	31,967	1%
Nonoperating revenue:				
Interest and dividends	1,585	2,164	(579)	(27%)
Net appreciation (depreciation) of investments	23,807	(5,802)	29,609	510%
Total nonoperating revenue	25,392	(3,638)	29,030	798%
Total revenue	$ 2,334,193	2,273,196	60,997	3%

The Auxiliary's total revenue for the year ended June 30, 2017 amounted to $2,334,193, an increase of $60,997 or 3%, compared to the previous year. This variance primarily resulted from an increase in management service fees of $11,167 due to an increase from 5.5% to 6.5% for the administrative service fee. In addition, there was an increase in donated space of $35,487 and an increase in net appreciation (depreciation) of investments of $29,609. The increase in donated space is due to an increase in the annual market rate per square feet. The increase in net appreciation (depreciation) of investments is due to favorable financial market conditions.

Child care center revenue and vendor commissions represented 42% and 28% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of support to carry out its operations.

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

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2017:



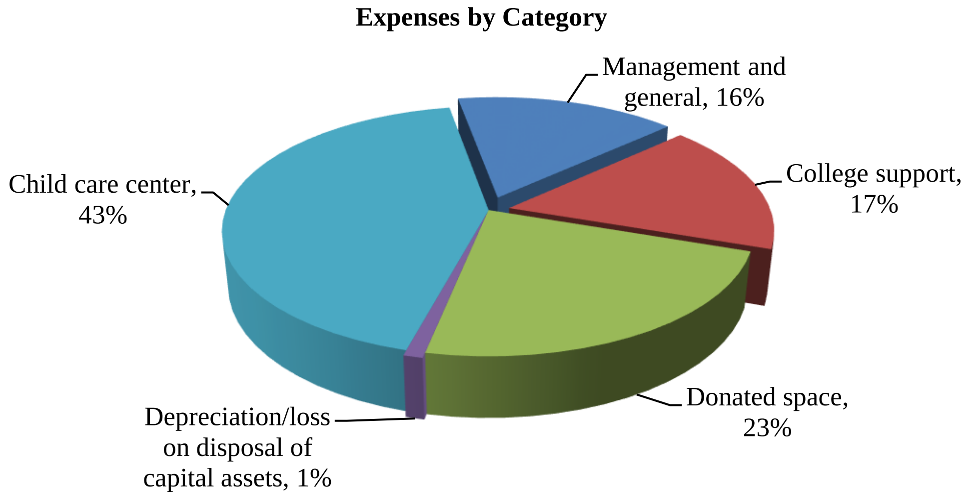
Expenses

	2017	2016	Dollar change	Percent change
Operating expenses:				
Child care center	$ 1,012,567	1,021,751	(9,184)	(1%)
Management and general	376,242	383,196	(6,954)	(2%)
Donated space	544,134	508,647	35,487	7%
Loss on disposal of capital assets	89	-	89	100%
Depreciation	3,250	4,397	(1,147)	(26%)
Total operating expenses	1,936,282	1,917,991	18,291	1%
Nonoperating expenses - College support	401,314	252,589	148,725	59%
Total expenses	$ 2,337,596	2,170,580	167,016	8%

Total expenses for the year ended June 30, 2017 were $2,337,596, an increase of $167,016 or 8%, compared to the previous year. The primary factors effecting this variance relates to an increase in college support expenses of $148,725 or 59%, due to an increase in funds contributed to support student events such as Commencement.

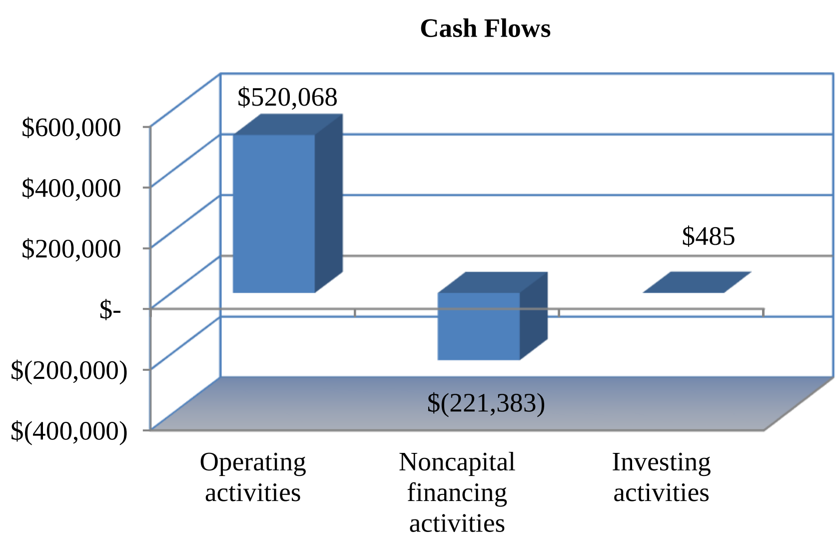
There were no other significant or unexpected changes in the Auxiliary's expenses.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2017:



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 as they come due, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2017:



Economic Factors That May Affect the Future

There is no known economic factors that may influence the future, with the exception of student enrollment, which affects operating revenue and expenses of the Auxiliary.

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Statements of Net Position
June 30, 2017 and 2016

Assets		2017	2016
Current assets:			
Cash and cash equivalents	$	934,161	634,991
Short-term investments		114,833	114,244
Accounts receivable		86,578	170,088
Due from related parties		301,250	453,366
Total current assets		1,436,822	1,372,689
Noncurrent assets:			
Investments in CUNY investment pool		225,190	200,872
Capital assets, net		-	3,339
Total noncurrent assets		225,190	204,211
Total assets		1,662,012	1,576,900
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses		293,278	232,578
Due to related parties		30,017	24,825
Deposits held in custody for others		476,772	454,149
Total current liabilities		800,067	711,552
Net Position			
Net investment in capital assets		-	3,339
Unrestricted		861,945	862,009
Total net position	$	861,945	865,348

See accompanying notes to financial statements.

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2017 and 2016

	2017	2016
Operating revenue:		
Commissions:		
Bookstore	$ 107,752	107,949
Cafeteria and vending	518,265	535,284
Other	25,105	24,538
Child care center	977,548	960,999
Management service fees	120,987	109,820
Donated space	544,134	508,647
Other	15,010	29,597
Total operating revenue	2,308,801	2,276,834
Operating expenses:		
Child care center	1,012,567	1,021,751
Management and general	376,242	383,196
Donated space	544,134	508,647
Loss on disposal of capital assets	89	-
Depreciation	3,250	4,397
Total operating expenses	1,936,282	1,917,991
Income from operations	372,519	358,843
Nonoperating revenue (expenses):		
Interest and dividends	1,585	2,164
Net appreciation (depreciation) of investments	23,807	(5,802)
College support	(401,314)	(252,589)
Total nonoperating revenue (expenses), net	(375,922)	(256,227)
Increase (decrease) in net position	(3,403)	102,616
Net position at beginning of year	865,348	762,732
Net position at end of year	$ 861,945	865,348

See accompanying notes to financial statements.

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Statements of Cash Flows
Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from:		
Commissions	$ 656,057	680,801
Child care center	1,056,123	954,846
Management service fees	120,987	109,820
Other	15,010	29,597
Cash payments to/for:		
Employees' salaries and benefits	(1,233,683)	(1,257,739)
Vendors	(83,234)	(154,908)
Other	(11,192)	(8,210)
Net cash provided by operating activities	520,068	354,207
Cash flows from noncapital financing activities:		
Increase in deposits held in custody for others	22,623	7,426
Increase (decrease) in due to/from related parties, net	157,308	(186,416)
College support	(401,314)	(252,589)
Net cash used in noncapital financing activities	(221,383)	(431,579)
Cash flows from investing activities:		
Interest and dividends	1,585	2,164
Purchases of investments	(1,100)	(1,696)
Net cash provided by investing activities	485	468
Net increase (decrease) in cash and cash equivalents	299,170	(76,904)
Cash and cash equivalents at beginning of year	634,991	711,895
Cash and cash equivalents at end of year	$ 934,161	634,991

(Continued)

See accompanying notes to financial statements.

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Statements of Cash Flows, Continued

	2017	2016
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 372,519	358,843
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	3,250	4,397
Loss on disposal of capital assets	89	-
Changes in:		
Accounts receivable	83,510	6,877
Accounts payable and accrued expenses	60,700	(15,910)
Net cash provided by operating activities	$ 520,068	354,207
Supplemental schedule of cash flow information:		
Disposal of capital assets	$ 26,483	-
Donated space revenue	$ 544,134	508,647
Donated space expense	$ 544,134	508,647

See accompanying notes to financial statements.

(1) Nature of Organization

The Auxiliary Enterprise Board of New York City College of Technology, Inc. (the Auxiliary) of The City University of New York (CUNY or the University) is a nonprofit entity created for the principal purpose of supporting student activities and providing facilities and auxiliary services for the benefit of the campus community of the New York City College of Technology (the College).

(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) Accounting Pronouncements

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

- 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.

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the Auxiliary, this Statement became effective for the fiscal year beginning July 1, 2015.

- GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the Auxiliary, this Statement became effective for the fiscal year beginning July 1, 2015.

(c) Net Position

The Auxiliary's resources are classified into the following net position categories:

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.

At June 30, 2017, the Auxiliary had no restricted net position or net investment in capital assets.

(d) Cash and Cash Equivalents

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

(2) Summary of Significant Accounting Policies, Continued

(e) Investments

The Auxiliary has investments held by CUNY in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the Committee) totaling $225,190 and $200,872 at June 30, 2017 and 2016, respectively. Several investment advisory firms are engaged to assist the Committee in its Investment Pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds and foreign bonds. The Auxiliary also has investments in certificates of deposit which are reported at their fair values of $114,833 and $114,244 at June 30, 2017 and 2016, respectively. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position.

(f) Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Auxiliary has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2017.

At June 30, 2017 and 2016, the Auxiliary's certificates of deposits of $114,833 and $114,244, respectively, are Level 1 assets.

(2) Summary of Significant Accounting Policies, Continued

(g) 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.

(h) 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. 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 furniture and equipment is five years and is 15 years for improvements.

(i) Revenue Recognition

Revenue is recognized when earned and is primarily derived from agreements with certain third-party organizations that provide the College with bookstore, cafeteria and vending services, and grants related to child care services. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(j) Commissions

Bookstore, cafeteria and snack and beverage vending commissions represent income earned under contracts with third-party vendors who operate and maintain the campus bookstore and provide food, snack and nonalcoholic beverage services. Under the terms of these contracts, which expire on July 31, 2017, September 3, 2017, and April 30, 2020, respectively, the Auxiliary receives commissions equal to the greater of a fixed amount or an amount based upon a percentage of annual sales for the bookstore and a percentage of sales for the cafeteria, snack and beverage vending operations. The Pouring Rights Contract, which expires June 30, 2023, represents royalties earned based on sales volume from the previous year. Other commissions are received for the rental of roof space for cell towers at 300 Jay Street, and from an Automated Teller Machine (ATM) located at 300 Jay Street. The terms of the cell towers contract automatically renew every ten years; the Auxiliary receives commission based on an annual fee payable in twelve equal installments. The annual fee shall be reduced by $6,000 and during such time the annual fee will be increased by 2% each year over the preceding year's fee. The terms of the ATM contract provide commissions based on twenty-five percent of the surcharge revenue collected by the bank. The contract will be valid as long as the ATM is on the premises.

(2) Summary of Significant Accounting Policies, Continued

(k) Donated Space

The Auxiliary operates on the campus of the College and utilizes facilities. The cost savings associated with such arrangements are recorded as donated space and is recognized as revenue and expense in the accompanying financial statements based on the fair value of such space (note 8).

(l) 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.

(m) 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.

(n) 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.

(o) Income Taxes

The Auxiliary is exempt from federal 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, 2017, the Auxiliary had balances totaling $989,993; and of this amount $489,993 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

(4) Investments in CUNY Investment Pool and Related Investment Income

The Auxiliary's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY. Pooled investments include equity and fixed income securities. Investments as of June 30, 2017 and 2016, are comprised of the following:

	2017	2016
Investments in CUNY investment pool	$ 225,190	200,872

The following table summarizes the activity for financial instruments in 2017 and 2016:

Balance at July 1, 2015	$ 205,625
Interest and dividends	1,049
Net depreciation of investments	(5,802)
Balance at June 30, 2016	200,872
Interest and dividends	511
Net appreciation of investments	23,807
Balance at June 30, 2017	$ 225,190

A summary of investment gain (loss) for the years ended June 30, 2017 and 2016 is as follows:

	2017	2016
Interest and dividends	$ 511	1,049
Net appreciation (depreciation) of investments	23,807	(5,802)
Total investment gain (loss)	$ 24,318	(4,753)

(5) Capital Assets

At June 30, 2017 and 2016, capital assets consisted of the following:

	2017			
	Beginning balance	Additions	Disposals	Ending balance
Equipment	$ 111,605	-	(26,483)	85,122
Less accumulated depreciation	(108,266)	(3,250)	26,394	(85,122)
Capital assets, net	$ 3,339	(3,250)	(89)	-

(5) Capital Assets, Continued

	2016			
	Beginning balance	Additions	Disposals	Ending balance
Equipment	$ 111,605	-	-	111,605
Less accumulated depreciation	(103,869)	(4,397)	-	(108,266)
Capital assets, net	$ 7,736	(4,397)	-	3,339

(6) Deposits Held in Custody for Others

Deposits held in custody for others represent funds held by the Auxiliary on behalf of programs and groups related to the College. Such deposits are held in cash and cash equivalents and short-term investments. The balance of deposits held in custody for others amounted to $476,772 and $454,149 at June 30, 2017 and 2016, respectively (schedule 1).

(7) Unrestricted Net Position

Unrestricted net position includes $142,192 designated by the Board of Trustees of CUNY to fund costs related to the operation and maintenance of the child care center.

(8) Donated Space

The Auxiliary utilizes certain facilities provided by the College. The estimated fair values of facilities is included in the accompanying statements of revenue, expenses and changes in net position. Facilities for the years ended June 30, 2017 and 2016 amounted to $544,134 and $508,647, respectively.

(9) Child Care Support

During the years ended June 30, 2017 and 2016, the Auxiliary received grants from New York State, New York City and the Federal government totaling $737,392 and $715,929, respectively, to support the activities of the child care center at the College. During the years ended June 30, 2017 and 2016, the Auxiliary also received $240,156 and $245,070, respectively, from the College Association of New York City College of Technology, Inc. to subsidize expenses of the child care center.

(10) Related Party Transactions

During the years ended June 30, 2017 and 2016, the Auxiliary provided support to the College in the amount of $401,314 and $252,589, respectively. Additionally, the Auxiliary has provided certain administrative services to related parties that have been recognized as management service fees revenue of $120,987 and $109,820, respectively. At June 30, 2017 and 2016, the Auxiliary had receivables totaling $301,250 and $453,366, respectively, due from the Association, the Foundation, the Alumni Association and the Child Care Center. At June 30, 2017 and 2016 the Auxiliary owes various related parties for support provided to the College in the amount of $30,017 and $24,825, respectively.

The Auxiliary has invested $225,190 and $200,872 as of June 30, 2017 and 2016, respectively, in the CUNY Investment Pool (note 4) which is under control of the Committee, a related party.

(11) 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. 85 - “Omnibus 2017.” This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

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

GASB Statement No. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in-substance defeasances occurring through repayment of debt from existing sources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 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.

Schedule 1

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Deposits Held in Custody for Others
June 30, 2017 and 2016

	2017	2016
College Scholarships	$ 6,288	11,382
Biology 201	5,369	5,369
Construction Technology Administration	13,786	13,996
Dental Hygiene Clinical Fees	2,904	1,971
Financial Aid Fund	5,480	5,480
General Biology 101	17,864	19,718
General Scholarship Fund	10,953	10,953
Klitgord Center	173,667	140,472
Mechanical Engineering Technology	30,901	30,901
NY Special Minority Scholarship	5,000	5,000
Pell Administration Fund	44,559	59,773
Radiologic Technology Student Fees	6,939	6,210
Special Financial Aid (CWS)	8,253	8,253
Student Emergency Loan Fund	32,410	31,549
Vision Care Technology	75,370	64,839
Other	37,029	38,283
	$ 476,772	454,149

Schedule 2

AUXILIARY ENTERPRISE BOARD OF
NEW YORK CITY COLLEGE OF TECHNOLOGY, INC.
Child Care Center Expenses
Years ended June 30, 2017 and 2016

	2017	2016
Salaries	$ 644,185	653,602
Employee benefits	40,149	32,875
Payroll taxes	46,719	46,150
Payroll processing	4,609	5,911
Insurance	163,992	171,385
Food costs	46,368	53,636
Professional fees	9,088	8,892
Education	8,935	8,079
Other	48,522	41,221
	$ 1,012,567	1,021,751