QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.

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TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Queensborough Community College Auxiliary
Enterprise Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Queensborough Community College Auxiliary Enterprise Association, Inc. (the Auxiliary) as of and for the years ended June 30, 2016 and 2015, 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 misstatements, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Queensborough Community College Auxiliary Enterprise Association, Inc. as of June 30, 2016 and 2015, 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
September 26, 2016

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Queensborough Community College (QCC) Auxiliary Enterprise Association, Inc.'s (the Auxiliary) financial position as of June 30, 2016, 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 $449,238 or 10%.
- Operating revenue increased by $22,802 or 1%.
- Operating expenses increased by $81,306 or 8%.

Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health or financial position. Over time, increases and decreases in the Auxiliary's net position are 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, 2016 and 2015, under the accrual basis of accounting:

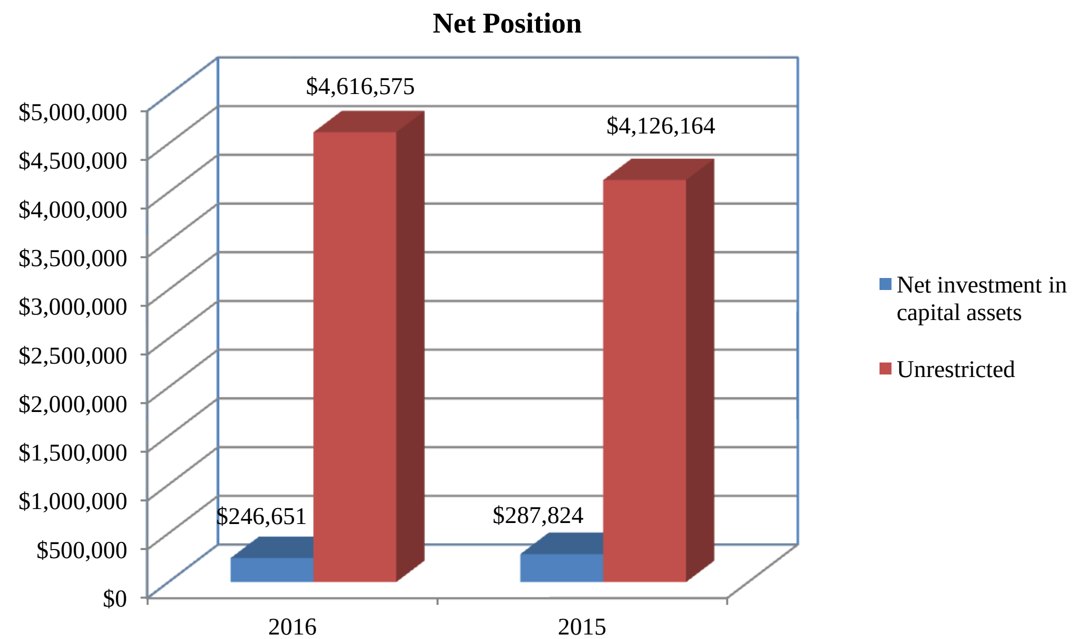
	2016	2015	Dollar change	Percent change
Assets:				
Current assets	$ 1,965,404	2,006,890	(41,486)	(2%)
Noncurrent assets	3,244,964	2,718,539	526,425	19%
Total assets	5,210,368	4,725,429	484,939	10%
Current liabilities	347,142	311,441	35,701	11%
Net position:				
Invested in capital assets	246,651	287,824	(41,173)	(14%)
Unrestricted	4,616,575	4,126,164	490,411	12%
Total net position	$ 4,863,226	4,413,988	449,238	10%

At June 30, 2016, the Auxiliary's total assets increased by $484,939 or 10%, compared to the previous year. The major component of this variance was due to an increase of $567,598 in investments and $355,091 in cash and equivalents. Accounts and commissions receivable decreased by $245,873 and $92,855, respectively, compared to last year. Other noncurrent assets also decreased by $41,173 and prepaid expenses and others dropped by $57,849 compared to last year.

The Auxiliary's current liabilities increased by $35,701 or 11%, compared to the previous year. This was caused by an increases of $84,263 in accounts payable and accrued expenses as well as an increase of $63,611 in unearned revenue. This was offset by a decrease of $112,173 in deposits held in custody of others due to a decrease in cash transfer to Student Association Payroll Fund.

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, 2016 and 2015 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, 2016 and 2015 are as follows:

Revenue

	2016	2015	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 229,520	277,417	(47,897)	(17%)
Cafeteria	50,000	47,500	2,500	5%
Vending	123,730	110,620	13,110	12%
Parking fees	170,827	170,891	(64)	(1%)
Performing arts	352,584	333,546	19,038	6%
KHRCA	49,475	68,500	(19,025)	(28%)
Royalties	242,120	259,415	(17,295)	(7%)
Facilities rental	223,885	168,486	55,399	33%
Other	268,750	251,543	17,207	7%
Donated space and services	82,238	82,409	(171)	(1%)
Total operating revenue	1,793,129	1,770,327	22,082	1%
Nonoperating revenue:				
Other	90,291	99,405	(9,114)	(9%)
Investment gains	67,598	6,798	60,800	894%
College support	-	429,435	(429,435)	(100%)
Total nonoperating revenue	157,889	535,638	(377,749)	(71%)
Total revenue	$ 1,951,018	2,305,965	(354,947)	(15%)

The Auxiliary's total revenue for fiscal 2016 was $1,951,018, representing a decrease of $354,947, or 15%, compared to the previous year. This variance was primarily attributable to a onetime college reimbursement of $429,435 for parking lot improvements and library remodeling to the Auxiliary in 2015. This was partially offset by an increase of $60,800 in investment gains due to favorable market condition.

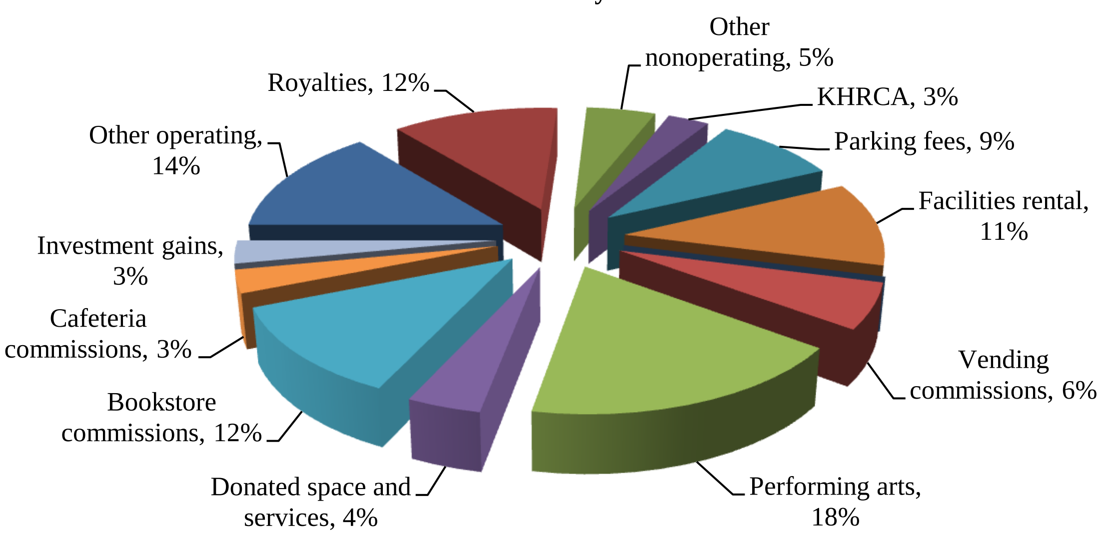
Total operating revenue increased by $22,082 overall, or 1%. Vending commissions increased by $13,110 or 12% as a result of the new contract with Canteen. Performing arts revenue also increased by $19,038 or 6% due to an increase in ticket sales. Facilities rental revenue increased by $55,399 or 33% due to increase in rental activities. The increase was partially offset by a decrease of $17,295 or 7% in royalties and $47,897 or 17% in bookstore commission as well as $19,025 or 28% in KHRCA revenue.

Bookstore commissions, performing arts, facilities rental, parking fees and other operating income represented 12%, 18%, 11%, 9% and 14% of total revenue, respectively, and accordingly, the Auxiliary is dependent upon this level of support to carry out its operation.

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, 2016:

Revenue by Source



Expenses

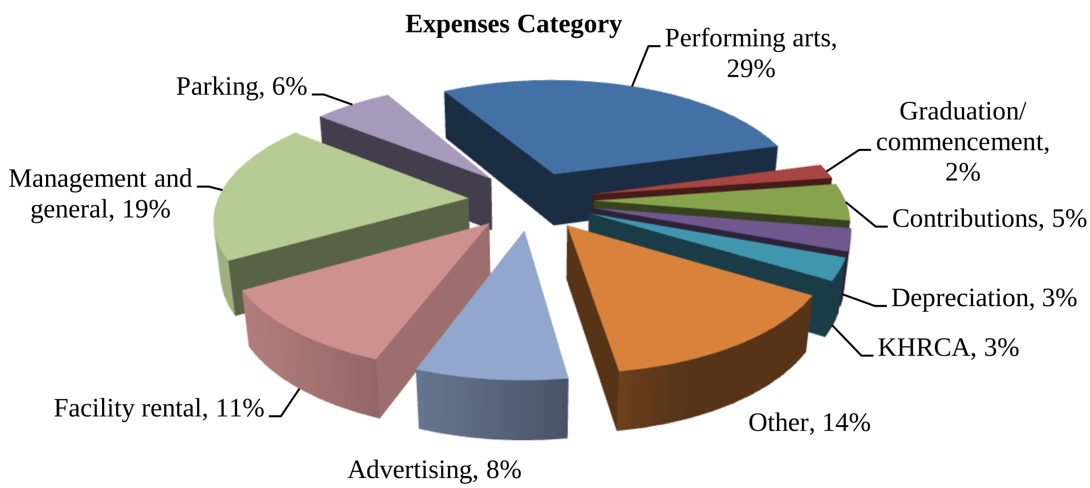
	2016	2015	Dollar change	Percent change
Operating expenses:				
Parking	$ 93,560	168,959	(75,399)	(45%)
Performing arts	428,201	342,081	86,120	25%
Facility rental	171,345	180,886	(9,541)	(5%)
Art gallery	-	1,150	(1,150)	(100%)
KHRCA	46,020	7,700	38,320	498%
Management and general	283,442	272,531	10,911	4%
Depreciation	41,173	9,128	32,045	351%
Total operating expenses	1,063,741	982,435	81,306	8%
Nonoperating expenses:				
Advertising	121,669	16,503	105,166	637%
Graduation/commencement	32,333	24,997	7,336	29%
Contributions	70,172	68,275	1,897	3%
Other	213,865	224,712	(10,847)	(5%)
Total nonoperating expenses	438,039	334,487	103,552	31%
Total expenses	$ 1,501,780	1,316,922	184,858	14%

Total expenses for fiscal 2016 were $1,501,780, an increase of $184,858 or 14%, compared to the previous year.

Operating expenses were $1,063,741, an increase of $81,306, or 8%, compared to the previous year. The increase in operating expenses was primarily due to an increase of $86,120 in performing arts and $38,320 in KHRCA. The higher expenses in performing arts were mainly attributable to an increase of $58,472 in performance fees and $5,934 in equipment rental expenses to produce higher quality shows as evidenced by the accompanying increase in ticket sales. The increase in KHRCA expenses was mainly due to an increase of $11,680 in stipend and honorarium expenses, $8,237 in faculty and staff development expenses and an increase of $9,705 in KHRCA events expenses. The increase in expenses was partially offset by a decrease of $75,399 or 45% in parking expenses primarily as a result of last year's parking lot improvement.

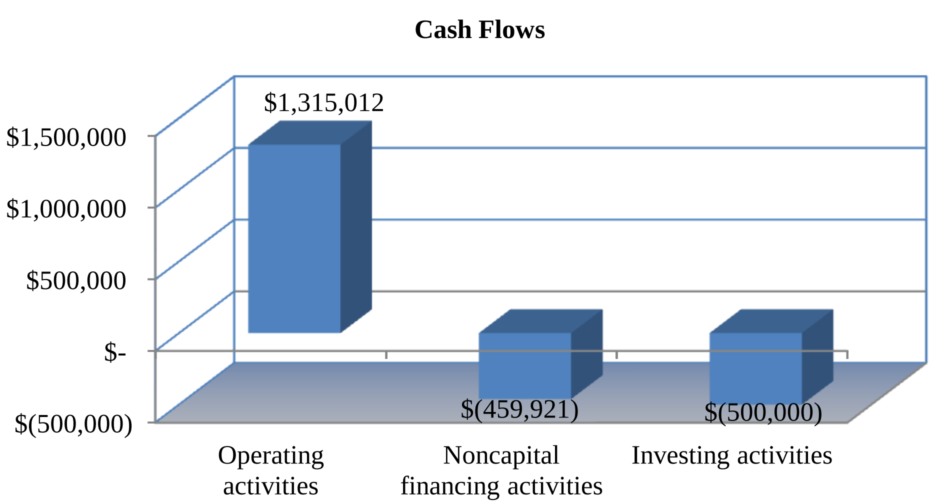
Nonoperating expenses were $438,039, an increase of $103,552, or 31% over the previous year. There was an increase in advertising expenses of $105,166, or 637% as the college reduced the amount of reimbursement for advertising in 2016. This increase was partially offset by a decrease of $10,847 or 5% in other nonoperating expenses.

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2016:



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, 2016:



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.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Net Position
June 30, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and equivalents	$ 1,677,385	1,322,294
Commissions receivable	46,892	139,747
Accounts receivable - other	212,013	457,886
Prepaid expenses	29,114	86,963
Total current assets	1,965,404	2,006,890
Investments	2,998,313	2,430,715
Noncurrent assets - capital assets, net	246,651	287,824
Total assets	5,210,368	4,725,429
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	143,955	59,692
Unearned revenue	82,147	18,536
Deposits held in custody for others, net	121,040	233,213
Total current liabilities	347,142	311,441
Net Position		
Net investment in capital assets	246,651	287,824
Unrestricted	4,616,575	4,126,164
Total net position	$ 4,863,226	4,413,988

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2016 and 2015

	2016	2015
Operating revenue:		
Commissions:		
Bookstore	$ 229,520	277,417
Cafeteria	50,000	47,500
Vending	123,730	110,620
Parking fees	170,827	170,891
Performing arts	352,584	333,546
KHRCA	49,475	68,500
Royalties	242,120	259,415
Facilities rental	223,885	168,486
Other	268,750	251,543
Donated space and services	82,238	82,409
Total operating revenue	1,793,129	1,770,327
Operating expenses:		
Parking	93,560	168,959
Performing arts	428,201	342,081
Facilities rental	171,345	180,886
Art gallery	-	1,150
KHRCA	46,020	7,700
Management and general	283,442	272,531
Depreciation	41,173	9,128
Total operating expenses	1,063,741	982,435
Income from operations	729,388	787,892

(Continued)

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position, Continued

	2016	2015
Nonoperating revenue (expenses):		
Other nonoperating revenue	$ 90,291	99,405
Investment gains	67,598	6,798
College support	-	429,435
College related disbursements:		
Advertising	(121,669)	(16,503)
Graduation/commencement	(32,333)	(24,997)
Contributions	(70,172)	(68,275)
Other	(213,865)	(224,712)
Total nonoperating revenue (expenses), net	(280,150)	201,151
Increase in net position	449,238	989,043
Net position at beginning of year	4,413,988	3,424,945
Net position at end of year	$ 4,863,226	4,413,988

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 228,333	325,310
Cafeteria commissions	50,000	47,500
Vending commissions	273,419	41,298
Parking fees	170,410	171,996
Performing arts	352,584	333,546
Other	1,038,484	407,808
Cash payments to/for:		
Employees' salaries and benefits	(195,610)	(248,154)
Vendors and other disbursements	(602,608)	(750,117)
Net cash provided by operating activities	1,315,012	329,187
Cash flows from noncapital financing activities:		
College support	-	429,435
College related disbursements	(224,174)	(109,775)
Deposits held in custody for others	(112,173)	117,074
Other nonoperating expenses, net	(123,574)	(125,307)
Net cash provided by (used in) noncapital financing activities	(459,921)	311,427
Cash flows from capital and related financing activities - purchase of capital assets	-	(249,375)
Cash flows from investing activities - purchase of investments	(500,000)	(1,000,000)
Net increase (decrease) in cash and equivalents	355,091	(608,761)
Cash and equivalents at beginning of year	1,322,294	1,931,055
Cash and equivalents at end of year	$ 1,677,385	1,322,294

(Continued)

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE
AUXILIARY ENTERPRISE ASSOCIATION, INC.
Statements of Cash Flows, Continued

	2016	2015
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 729,388	787,892
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	41,173	9,128
Changes in:		
Commissions receivable	92,855	(21,429)
Accounts receivable - other	245,873	(340,136)
Prepaid expenses	57,849	15,945
Accounts payable and accrued expenses	84,263	(123,318)
Unearned revenue	63,611	1,105
Net cash provided by operating activities	$ 1,315,012	329,187
Supplemental schedule of cash flow information:		
Donated space and services revenue	$ 82,238	82,409
Donated space	4,300	4,686
Donated services	77,938	77,723
	$ 82,238	82,409

See accompanying notes to financial statements.

(1) Nature of Organization

The Queensborough Community College Auxiliary Enterprise Association, Inc. (the Auxiliary) is a nonprofit entity organized to support certain student activities and provide facilities and auxiliary services for the benefit of the campus community of Queensborough Community College (the College) of the City University of New York (CUNY or the University).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

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

(b) 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 Association, 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 Association, 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, 2016, the Auxiliary had no restricted net position.

(d) Cash and Equivalents

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

(e) Receivables

Receivables 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.

(2) Summary of Significant Accounting Policies, Continued

(f) Investments

The Auxiliary records its investments at fair value based on quoted market prices, with changes in fair value of investments recorded in the statements of revenue, expenses and changes in net position.

(g) 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 $1,000 or more for computer hardware and $5,000 or more for all other 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 furniture and equipment is five years and 15 years for improvements.

(h) Revenue Recognition

Operating revenue is primarily derived from ticket sales for performances held in the College's theater and agreements with certain unrelated organizations to provide the College with bookstore, cafeteria, photocopy, beverage vending services and fees charged for the use of parking and other College facilities. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(i) Commissions

Bookstore commissions represent income earned under a contract with an unrelated organization to operate and maintain the campus bookstore. The terms of the contract, effective through July 31, 2015, provide the Auxiliary with annual commissions equal to the greater of a fixed amount of $175,000 or an amount based on a percentage of the unrelated organization's sales at the campus bookstore.

Cafeteria and food vending commissions represent income earned under a contract with an unrelated organization for the sale of food and nonalcoholic beverages on the College's premises. The food services contract was extended through July 30, 2014, with an option for one two-year contract extension through July 30, 2016, with a fixed annual commission of $50,000 for 2016, plus certain capital investments.

A vending contract was signed with Canteen Vending Service Division as of June 9, 2014. The terms of the agreement began on January 1, 2015 with the terms being a total of five years ending December 31, 2019.

(2) Summary of Significant Accounting Policies, Continued

(j) Royalties

Royalties represent agreements to provide locations for wireless providers with Sprint, Verizon and T-Mobile; and pouring rights royalties from Pepsi-Cola Bottling Company of New York, Inc. The terms of the T-Mobile contract, which expires on September 29, 2016, provide the Auxiliary with a monthly fee of $3,773 from July 2014 to August 2015 and $3,886 from September 2015 to June 2016 ($46,406 per year). The terms of the Sprint contract, which expires on November 18, 2016, provide the Auxiliary with a guaranteed monthly fee of $3,963 from July 2015 to October 2015 and $4,082 from November 2015 to June 2016 ($48,508 per year). The terms of the Verizon agreement, which expires March 22, 2019, provides a monthly fee of $4,665 from July 2015 to January 2016 and $4,805 from February 2016 to June 2016 ($56,680 per year). All wireless agreements provide that the fee each year shall be increased by an amount equal to 103% of the annual fee for the immediately preceding year. The terms of the Pepsi-Cola Bottling Company of New York, Inc. contract, which expires on July 1, 2023, provide the Auxiliary with an annual royalty in the amount $60,000 plus an annual donation to the QCC Fund, Inc. a related entity.

(k) 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 use of the space was valued at $4,330 and $4,686 for the years ended June 30, 2016 and 2015, respectively. Donated services of $77,938 and $77,723 for the years ended June 30, 2016 and 2015, respectively, represent a portion of the accountant’s salary and that of the Finance Manager attributable to functions performed by the Auxiliary, and is included in revenue and management and general expenses in the accompanying, statements of revenue, expenses and changes in net position.

(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.

(2) Summary of Significant Accounting Policies, Continued

(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, 2016, $1,559,338 of the Auxiliary's bank balance of $1,809,338 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Investments

At June 30, 2016 and 2015, the Auxiliary had the following investments:

	2016	2015
Cash and equivalents	$ 952	-
Equity securities	905,547	-
Mutual funds	2,091,814	2,430,715
Total investments	$ 2,998,313	2,430,715

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Auxiliary will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2016 and 2015, the Auxiliary's entire investment portfolio balance of $2,998,313 and $2,430,715, respectively, was not exposed to any custodial credit risk, as it was insured through the Securities Investor Protection Corporation in the amount up to $500,000 and insurance company, which provides an additional supplemental protection of up to $49.5 million of cash loss per client.

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:

(4) Investments, Continued

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 asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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, 2016.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Auxiliary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Auxiliary's assets at fair value as of June 30, 2016 and 2015:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 952	-	-	952
Equity securities	905,547	-	-	905,547
Mutual funds	1,211,728	880,086	-	2,091,814
	$ 2,118,227	880,086	-	2,998,313

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,430,715	-	-	2,430,715

(5) Capital Assets

At June 30, 2016 and 2015, capital assets consisted of the following:

	2016			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	$ 39,060	-	-	39,060
Parking lot improvements	407,745	-	-	407,745
Vehicles	199,492	-	-	199,492
Campus improvement	66,095	-	-	66,095
	712,392	-	-	712,392
Less accumulated depreciation	(424,568)	(41,173)	-	(465,741)
Capital assets, net	$ 287,824	(41,173)	-	246,651

	2015			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	$ 39,060	-	-	39,060
Parking lot improvements	196,870	210,875	-	407,745
Vehicles	199,492	-	-	199,492
Campus improvement	27,595	38,500	-	66,095
	463,017	249,375	-	712,392
Less accumulated depreciation	(415,440)	(9,128)	-	(424,568)
Capital assets, net	$ 47,577	240,247	-	287,824

(6) Deposits Held in Custody for Others

Deposits held in custody for others represent funds which are held by the Auxiliary on behalf of certain groups related to the College. These funds are payable on demand.

(7) Related Party Transactions

The Auxiliary entered into transactions with the Research Foundation of the City University of New York and certain other College entities related to reimbursement for payroll, healthcare and other fringe benefits provided to the Auxiliary. During the years ended June 30, 2016 and 2015, the Auxiliary paid the Research Foundation and other College entities $58,552 and $58,332, respectively, for these costs which covered administrative employees.

(8) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 77 - "Tax Abatement Disclosures," is intended to improve financial reporting by providing users with information regarding the nature and magnitude of tax abatements, which is currently not required to be reported. The requirements of this Statement are effective for periods beginning after December 15, 2015, which is the fiscal year beginning July 1, 2016 for the Auxiliary. This Statement is not expected to have an effect on the financial statements of the Auxiliary.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning July 1, 2016 for the Auxiliary. This Statement is not expected to have an effect on the financial statements of the Auxiliary.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the Auxiliary. This Statement is not expected to have an effect on the financial statements of the Auxiliary.

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the Auxiliary, this Statement becomes effective for the fiscal year beginning July 1, 2017. This Statement is not expected to have an effect on the financial statements of the Auxiliary.

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

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the Auxiliary, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Auxiliary. This Statement is not expected to have an effect on the financial statements of the Auxiliary.