

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY

Consolidated Financial Statements and
Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The College of Staten Island Auxiliary Services
Corporation, Inc. and Subsidiary:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The College of Staten Island Auxiliary Services Corporation, Inc. and Subsidiary (the Auxiliary) as of and for the years ended June 30, 2017 and 2016, and the related notes to consolidated financial statements, which collectively comprise the Auxiliary's consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the net position of The College of Staten Island Auxiliary Services Corporation, Inc. and Subsidiary 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 8 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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 consolidated financial statements as a whole. The accompanying supplemental information in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

EFPR Group, CPAs, PLLC
(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
September 28, 2017

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY

Management's Discussion and Analysis

June 30, 2017

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of The College of Staten Island Auxiliary Services Corporation, Inc. and Subsidiary'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 consolidated financial statements and related notes.

Financial Highlights

- The Auxiliary's net position decreased by \$501,077 or 35%.
- Operating revenue increased by \$59,784 or 1%.
- Operating expenses increased by \$34,633 or less than 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 are indicators of whether its financial health is improving.

Consolidated 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:

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 5,995,621	5,969,361	26,260	1%
Noncurrent assets	<u>62,434,716</u>	<u>63,718,799</u>	<u>(1,284,083)</u>	(2%)
Total assets	<u>68,430,337</u>	<u>69,688,160</u>	<u>(1,257,823)</u>	(2%)
Liabilities	<u>70,361,521</u>	<u>71,118,267</u>	<u>(756,746)</u>	(1%)
Net position:				
Net investment in capital assets	340,302	479,817	(139,515)	(29%)
Unrestricted (deficit)	<u>(2,271,486)</u>	<u>(1,909,924)</u>	<u>(361,562)</u>	(19%)
Total net position	\$ <u>(1,931,184)</u>	<u>(1,430,107)</u>	<u>(501,077)</u>	(35%)

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Management's Discussion and Analysis, Continued

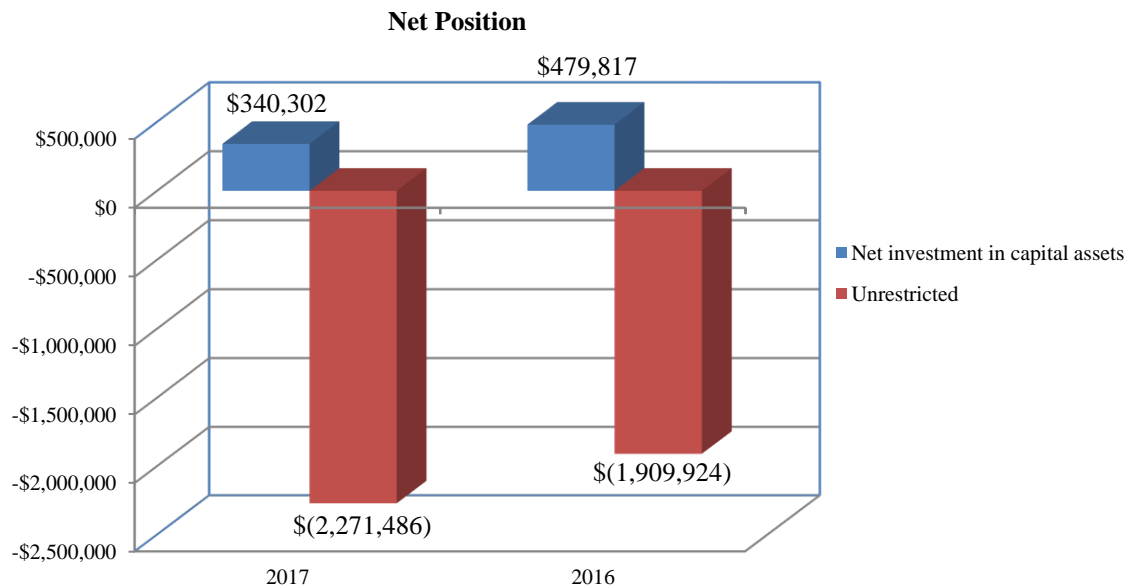
At June 30, 2017, the Auxiliary's total assets decreased by \$1,257,823 or 2% as compared to the previous year. The major components of this variance were due to the subsidiary of the Auxiliary, CSI Student Housing, LLC. There were decreases in capital assets, cash and prepaid expenses of \$2,114,856, \$1,366,736 and \$9,604, respectively, offset by increases of restricted deposits and receivables of \$111,603 and \$2,589, respectively. Other components of this variance were related to increases in the Auxiliary's cash, receivable, investments, restricted deposits and inventory of \$1,395,354, \$41,120, \$45,044, \$6,518 and \$1,599, respectively, offset by decreases in capital assets of \$139,515, respectively.

The Auxiliary's cash and equivalents increased \$28,618, as a result of cash provided by operating activities of \$2,032,289, offset by cash used in capital and related financing activities, cash used in investing activities and cash provided by noncapital financing activities of \$1,872,037, \$892,682 and \$761,048, respectively.

At June 30, 2017, the Auxiliary's total liabilities decreased by \$756,746 or 1% as compared to the previous year. The components of this variance pertained to increases in deposits held in custody, accounts payable and accrued expenses, other liabilities and unearned revenue of \$1,023,086, \$96,425, \$13,558 and \$9,867, respectively, offset by decreases due to related entities, long-term debt, accrued interest, prepaid rent and security deposits of \$1,100,000, \$760,000, \$32,340, \$4,389 and \$2,953, respectively.

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:



THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Management's Discussion and Analysis, Continued

Consolidated Statements of Revenue, Expenses and Changes in Net Position

The consolidated 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

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Food service revenue	\$ 2,536,005	2,828,142	(292,137)	(11%)
Parking fees	814,621	802,500	12,121	2%
Bookstore commissions	192,034	195,389	(3,355)	(2%)
Tennis center commissions	197,973	189,117	8,856	5%
Rental income - student housing	5,889,190	5,678,795	210,395	4%
Donated space and services	445,155	424,749	20,406	5%
Parking enforcement and other	<u>674,982</u>	<u>571,484</u>	<u>103,498</u>	18%
Total operating revenue	<u>10,749,960</u>	<u>10,690,176</u>	<u>59,784</u>	1%
Nonoperating revenue:				
Interest and dividend income	37,487	19,227	18,260	95%
Gain (loss) on investments	43,072	(9,865)	52,937	537%
Gain on sale of assets	<u>-</u>	<u>16,531</u>	<u>(16,531)</u>	(100%)
Total nonoperating revenue	<u>80,559</u>	<u>25,893</u>	<u>54,666</u>	211%
Total revenue	\$ <u>10,830,519</u>	<u>10,716,069</u>	<u>114,450</u>	1%

The Auxiliary's total operating revenue for the year ended June 30, 2017 amounted to \$10,749,960, an increase of \$59,784 or 1%, compared to the previous year. The components of this variance related to increases in rental income - student housing, parking enforcement and other revenues, donated space and services, parking fees and tennis center commissions of \$210,395, \$103,498, \$20,406, \$12,121 and \$8,856, respectively, offset by a decrease in food service revenue and bookstore commissions of \$292,137 and \$3,355, respectively.

Food service revenue decreased due to the vending operation being contracted out to the Compass Group commencing January 4, 2016. This year, vending revenue was based entirely on 12 months of commission income from contracted vending sales. In the prior year, vending revenue was based on 6 months of contracted vending commissions and 6 months of vending revenues from self-operating.

THE COLLEGE OF STATEN ISLAND
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Management's Discussion and Analysis, Continued

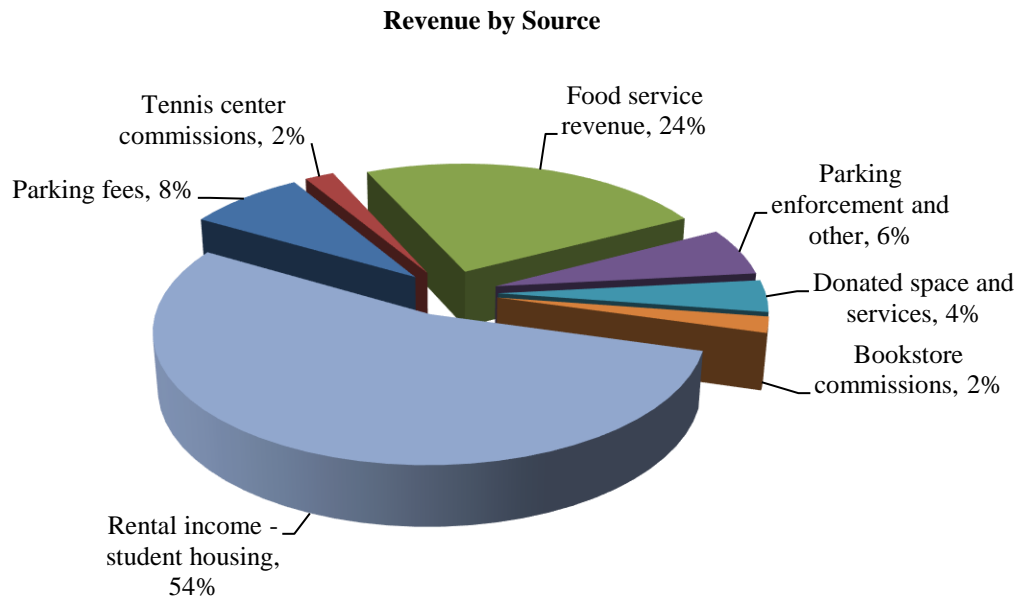
Food service sales in Campus Center, Bits & Bytes and Food Cart decreased this year due to lower enrollment for the academic year. Rental income - student housing increased due to greater student occupancy. Parking enforcement revenue increased due to an aggressive enforcement policy and other income increased due to an increase in motorcycle safety school commission's income. Donated space and services increased as a result of a higher rate used to calculate the square footage.

The Auxiliary's total nonoperating revenue for fiscal year 2017 was \$80,559, an increase of \$54,666, compared to the previous year. This increase was primarily due to gains in the CUNY investment pool caused by an upturn in the financial markets.

Rental income - student housing, food service revenue, parking fees, bookstore commissions and tennis center commissions represented 54%, 24%, 8%, 2% and 2%, respectively, of total revenue. Accordingly, the Auxiliary is dependent upon this level of revenue 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:



THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Management's Discussion and Analysis, Continued

Expenses

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Food service	\$ 2,381,814	2,592,243	(210,429)	(8%)
Parking	662,149	619,934	42,215	7%
Management and general	999,882	972,375	27,507	3%
Interest expense	2,626,502	2,646,716	(20,214)	(1%)
Student housing	2,132,803	1,894,804	237,999	13%
Depreciation	<u>2,266,408</u>	<u>2,308,853</u>	<u>(42,445)</u>	(2%)
Total operating expenses	11,069,558	11,034,925	34,633	1%
Nonoperating expenses - College support	<u>262,038</u>	<u>293,249</u>	<u>(31,211)</u>	(11%)
Total expenses	\$ <u>11,331,596</u>	<u>11,328,174</u>	<u>3,422</u>	1%

Total operating expenses for the year ended June 30, 2017 amounted to \$11,069,558, an increase of \$34,633 or less than 1%, compared to the previous year. The components of this variance relate to increases in rental income - student housing expenses, parking expenses and management and general expenses of \$237,999, \$42,215 and \$27,507, respectively, offset by decreases in food service, depreciation and interest expense of \$210,429, \$42,445 and \$20,214, respectively.

Food service costs decreased due to the vending operation being contracted out to the Compass Group, which decreased payroll expenses by eliminating two vending employees' salaries and benefits as well as vending product expenses.

Depreciation decreased due to various assets becoming fully depreciated in the current year outweighing the amount of depreciation taken on current year additions.

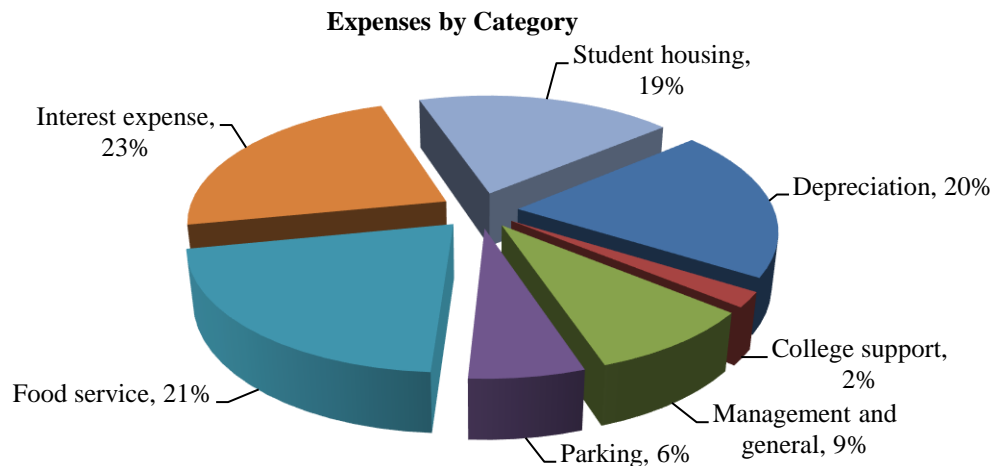
CSI Student Housing, LLC's expenses increased due to repair and maintenance of the dorms, which included more painting and cleaning of floor coverings than the previous year. Security costs increased this year, due to the concerns of the college about overnight guest policy enforcement on the campus and in the housing. As a result, a security officer was placed at the registration desk in the dorms after guest registration hours were over.

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

THE COLLEGE OF STATEN ISLAND
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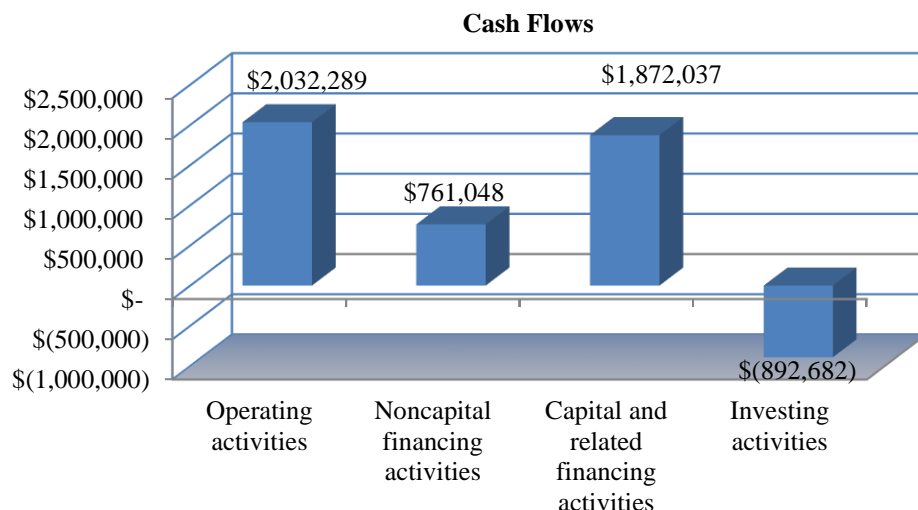
Management's Discussion and Analysis, Continued

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



Cash Flows

The consolidated 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 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.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Consolidated Statements of Net Position
June 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and equivalents (note 3)	\$ 5,541,139	2,587,169
Cash held by management company	-	2,925,352
Receivables:		
Catering	100,725	75,524
Meal plans	72,761	61,714
Tenants, less allowance for doubtful accounts of \$116,416 in 2017 and \$250,862 in 2016	3,718	22,913
Other	<u>82,861</u>	<u>56,205</u>
Total receivables	<u>260,065</u>	<u>216,356</u>
Inventory	59,734	58,135
Prepaid expenses and other assets	<u>134,683</u>	<u>182,349</u>
Total current assets	<u>5,995,621</u>	<u>5,969,361</u>
NONCURRENT ASSETS:		
Restricted deposits (note 3)	8,040,637	7,922,516
Investments, at fair value (note 4)	1,540,020	687,853
Capital assets, net (note 5)	<u>52,854,059</u>	<u>55,108,430</u>
Total noncurrent assets	<u>62,434,716</u>	<u>63,718,799</u>
Total assets	<u>68,430,337</u>	<u>69,688,160</u>

(Continued)

See accompanying notes to consolidated financial statements.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY
Consolidated Statements of Net Position, Continued

Liabilities	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES:		
Accrued interest	\$ 1,240,414	1,272,754
Accounts payable and accrued expenses	653,438	557,013
Deposits held in custody for others (note 7)	2,586,954	1,563,868
Unearned revenue	34,413	24,546
Prepaid rent	19,868	24,257
Other current liabilities	18,787	5,229
Current portion of long-term debt (note 6)	<u>775,000</u>	<u>760,000</u>
Total current liabilities	<u>5,328,874</u>	<u>4,207,667</u>
NONCURRENT LIABILITIES:		
Security deposits	297,647	300,600
Due to related entities (note 13)	-	1,100,000
Long-term debt, excluding current portion (note 6)	<u>64,735,000</u>	<u>65,510,000</u>
Total noncurrent liabilities	<u>65,032,647</u>	<u>66,910,600</u>
Total liabilities	<u>70,361,521</u>	<u>71,118,267</u>
Net Position		
Net investment in capital assets	340,302	479,817
Unrestricted (deficit)	<u>(2,271,486)</u>	<u>(1,909,924)</u>
Total net position (deficit)	<u>\$ (1,931,184)</u>	<u>(1,430,107)</u>

See accompanying notes to consolidated financial statements.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY
Consolidated Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE:		
Food service revenue (note 12)	\$ 2,536,005	2,828,142
Parking fees	814,621	802,500
Bookstore commissions (note 10)	192,034	195,389
Tennis center commissions (note 11)	197,973	189,117
Parking enforcement	180,404	162,933
Rental income - student housing	5,889,190	5,678,795
Administrative fees	117,974	114,601
Donated space and services (note 9)	445,155	424,749
Other	<u>376,604</u>	<u>293,950</u>
Total operating revenue	<u>10,749,960</u>	<u>10,690,176</u>
OPERATING EXPENSES:		
Food service:		
Cost of goods sold	891,945	1,111,268
Salaries and benefits	1,180,802	1,151,494
Other	<u>309,067</u>	<u>329,481</u>
Total food service	2,381,814	2,592,243
Parking	662,149	619,934
Management and general	999,882	972,375
Interest expense	2,626,502	2,646,716
Student housing	2,132,803	1,894,804
Depreciation	<u>2,266,408</u>	<u>2,308,853</u>
Total operating expenses	<u>11,069,558</u>	<u>11,034,925</u>
Loss from operations	<u>(319,598)</u>	<u>(344,749)</u>
NONOPERATING REVENUE (EXPENSES):		
Interest and dividend income	37,487	19,227
Gain (loss) on investments	43,072	(9,865)
Gain on sale of assets	-	16,531
College support	<u>(262,038)</u>	<u>(293,249)</u>
Total nonoperating expenses, net	<u>(181,479)</u>	<u>(267,356)</u>
Decrease in net position	(501,077)	(612,105)
Net position (deficit) at beginning of year	<u>(1,430,107)</u>	<u>(818,002)</u>
Net position (deficit) at end of year	<u>\$ (1,931,184)</u>	<u>(1,430,107)</u>

See accompanying notes to consolidated financial statements.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Consolidated Statements of Cash Flows
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Food service revenue	\$ 2,509,624	2,753,194
Parking fees	814,621	802,500
Bookstore commissions	192,034	195,389
Tennis center commissions	197,973	189,117
Parking enforcement	180,404	162,933
Administrative fees	117,974	114,601
Rental income - student housing	5,903,996	5,692,306
Other	349,948	289,189
Cash payments to/for:		
Employees' salaries and benefits	(2,427,485)	(2,740,253)
Vendors	(5,806,800)	(5,398,652)
Net cash provided by operating activities	<u>2,032,289</u>	<u>2,060,324</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Deposits held in custody for others	1,023,086	233,215
College support	(262,038)	(293,249)
Net cash provided by (used in) noncapital financing activities	<u>761,048</u>	<u>(60,034)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Due to related entities	(1,100,000)	-
Additions to capital assets	(12,037)	(62,306)
Proceeds from sale of fixed asset	-	20,406
Repayment of long-term debt	(760,000)	(745,000)
Net cash used in capital and related financing activities	<u>(1,872,037)</u>	<u>(786,900)</u>

(Continued)

See accompanying notes to consolidated financial statements.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Consolidated Statements of Cash Flows, Continued

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted deposits	\$ (121,074)	(121,558)
Proceeds from sales of investments	346,294	342,729
Purchases of investments	(1,155,603)	(347,244)
Interest and dividends	37,487	8,527
Gain on investments	<u>214</u>	<u>9,865</u>
Net cash used in investing activities	<u>(892,682)</u>	<u>(107,681)</u>
Net increase in cash and equivalents	28,618	1,105,709
Cash and equivalents at beginning of year	<u>5,512,521</u>	<u>4,406,812</u>
Cash and equivalents at end of year	<u><u>\$ 5,541,139</u></u>	<u><u>5,512,521</u></u>
Reconciliation of loss from operations to net cash provided by operating activities:		
Loss from operations	(319,598)	(344,749)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	2,266,408	2,308,853
Increase (decrease) in provision for doubtful accounts	(134,446)	39,073
Changes in:		
Receivables	90,737	(48,596)
Inventory	(1,599)	12,164
Prepaid expenses and other assets	47,666	(4,749)
Accrued interest	(32,340)	5,085
Accounts payable and accrued expenses	96,425	144,689
Other current liabilities	13,558	5,229
Unearned revenue	9,867	(11,866)
Prepaid rent	<u>(4,389)</u>	<u>(44,809)</u>
Net cash provided by operating activities	<u><u>\$ 2,032,289</u></u>	<u><u>2,060,324</u></u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u><u>\$ 445,155</u></u>	<u><u>424,749</u></u>
Donated facilities expense	411,460	396,765
Donated professional services expense	<u>33,695</u>	<u>27,984</u>
	<u><u>\$ 445,155</u></u>	<u><u>424,749</u></u>

See accompanying notes to consolidated financial statements.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

(1) NATURE OF ORGANIZATION

The College of Staten Island Auxiliary Services Corporation, Inc. (the Corporation) is a nonprofit corporation organized to support certain student activities and provide facilities and auxiliary services for the benefit of the campus community of the College of Staten Island (the College) of the City University of New York (CUNY or the University).

CSI Student Housing, LLC (the Subsidiary) is a limited liability company organized to develop and construct student housing on the campus of the College. The Corporation is the sole member of the Subsidiary. The Corporation and Subsidiary are collectively referred to as the Auxiliary.

(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 consolidated 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.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(B) ACCOUNTING PRONOUNCEMENTS, CONTINUED

- 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.
- 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.

(D) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of The College of Staten Island Auxiliary Services Corporation, Inc. and CSI Student Housing, LLC (collectively referred to as the Auxiliary). All significant intercompany accounts and transactions have been eliminated in consolidation.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(E) CASH AND EQUIVALENTS

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

(F) RECEIVABLES

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.

(G) 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 \$1,190,031 and \$341,558 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 with maturities of more than one year which are reported at their fair values of \$349,989 and \$346,295 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.

(H) 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 COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(H) FAIR VALUE MEASUREMENTS AND DISCLOSURES, CONTINUED

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 \$349,989 and \$346,295, respectively, are Level 1 assets.

(I) INVENTORY

Inventory is stated at the lower of cost or market, using the specific identification method.

(J) 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 an individual cost or value at the time of receipt of \$1,000 or more for computer equipment and \$5,000 and more for all other equipment. 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 vehicles are five years and ten years for capital improvements. The estimated useful lives of building improvements are fifteen years and twenty-seven and a half years for the building.

(K) REVENUE RECOGNITION

Operating revenues are recognized in the period earned and primarily derived from cafeterias managed by the Auxiliary, fees charged for the use of parking facilities and commissions resulting from agreements with third-parties vendors to maintain and operate the College bookstore and tennis center. Annual commissions are defined by contractual agreement (notes 10, 11, 12 and 14).

Student activity fees are recognized in the period earned. Amounts collected prior to year-end, if any, relating to the summer semester of the subsequent year are recorded as unearned revenue.

(L) RENTAL INCOME

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(M) DONATED SPACE AND SERVICES

The Auxiliary operates on the campus of the College and utilizes facilities and professional services made available to it. The cost savings associated with such arrangements are recorded as donated space and services and are recognized as revenue and expenses in the accompanying consolidated financial statements based on the fair value of such services (note 9).

(N) FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(O) USE OF ESTIMATES

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(P) SUBSEQUENT EVENTS

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

(Q) INCOME TAXES

The Corporation 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 consolidated financial statements. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Corporation 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 Corporation has taken no uncertain tax positions that require adjustment in its consolidated financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities.

The Subsidiary has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the sole member on their income tax return. The Subsidiary's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Subsidiary is not required to take any tax positions in order to qualify as a pass-through entity. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Subsidiary has no other tax positions which must be considered for disclosure.

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(R) RECLASSIFICATIONS

Reclassifications have been made to certain 2016 balances in order to conform them to the 2017 presentation.

(3) CASH AND EQUIVALENTS AND INVESTMENTS

(A) CUSTODIAL CREDIT RISK - DEPOSITS

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, \$4,979,098 of the Auxiliary's bank balance of \$8,854,596 was exposed to custodial credit risk. A balance of \$2,625,498 was covered by a collateralization agreement with one of the Auxiliary's depository financial institutions. The remaining \$1,250,000 was covered by the FDIC limit of \$250,000 at each bank.

(B) RESTRICTED DEPOSITS

Restricted deposits at June 30, 2017 and 2016 were comprised of the following:

	<u>2017</u>	<u>2016</u>
Debt service account	\$ 3,985,906	3,985,678
Control account	1,632,894	1,626,376
Revenue account	1,706,685	1,718,121
Tenants' security deposits	292,647	295,600
Escrow	296,085	250,396
Reserve	<u>126,420</u>	<u>46,345</u>
	\$ <u>8,040,637</u>	<u>7,922,516</u>

(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:

	<u>2017</u>	<u>2016</u>
Investments in CUNY investment pool	\$ <u>1,190,031</u>	<u>341,558</u>

THE COLLEGE OF STATEN ISLAND
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Notes to Consolidated Financial Statements, Continued

(4) INVESTMENTS IN CUNY INVESTMENT POOL AND RELATED INVESTMENT INCOME, CONTINUED

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

Balance at July 1, 2015	\$ 349,639
Interest and dividends	1,784
Realized gain	2,229
Unrealized loss	<u>(12,094)</u>
Balance at June 30, 2016	341,558
Contributions	800,000
Interest and dividends	4,861
Realized gain	<u>43,612</u>
Balance at June 30, 2017	\$ <u>1,190,031</u>

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

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 4,861	1,784
Realized gains	43,612	2,229
Unrealized loss	<u>-</u>	<u>(12,094)</u>
Total investment gain (loss)	\$ <u>48,473</u>	<u>(8,081)</u>

(5) CAPITAL ASSETS

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

	<u>2017</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Building	\$ 52,776,964	-	-	52,776,964
Building improvements	6,091,207	-	-	6,091,207
Equipment and furniture	2,393,246	12,037	-	2,405,283
Capital improvements	1,034,058	-	-	1,034,058
Vehicles	<u>70,863</u>	<u>-</u>	<u>-</u>	<u>70,863</u>
	62,366,338	12,037	-	62,378,375
Less accumulated depreciation	<u>(7,257,908)</u>	<u>(2,266,408)</u>	<u>-</u>	<u>(9,524,316)</u>
	\$ <u>55,108,430</u>	<u>(2,254,371)</u>	<u>-</u>	<u>52,854,059</u>

THE COLLEGE OF STATEN ISLAND
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Notes to Consolidated Financial Statements, Continued

(5) CAPITAL ASSETS, CONTINUED

	2016			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Building	\$ 52,776,964	-	-	52,776,964
Building improvements	6,043,267	47,940	-	6,091,207
Equipment and furniture	2,814,106	14,366	(435,226)	2,393,246
Capital improvements	1,774,585	-	(740,527)	1,034,058
Vehicles	<u>79,788</u>	<u>-</u>	<u>(8,925)</u>	<u>70,863</u>
	63,488,710	62,306	(1,184,678)	62,366,338
Less accumulated depreciation	<u>(6,129,858)</u>	<u>(2,308,853)</u>	<u>1,180,803</u>	<u>(7,257,908)</u>
	<u>\$ 57,358,852</u>	<u>(2,246,547)</u>	<u>(3,875)</u>	<u>55,108,430</u>

(6) LONG-TERM DEBT

On March 1, 2012, the New York City Housing Development Corporation (NYCHDC) issued residential revenue bonds totaling \$67,800,000, the proceeds of which were used to fund the development and construction of a two building, 133 apartments, 454 bed residential complex on the campus of the College. The Subsidiary (CSI Student Housing, LLC) entered into a 4.171% project loan mortgage note and a 4.171% building loan mortgage note with NYCHDC in the amount of \$12,035,946 and \$55,764,054, respectively. Prior to the earlier of February 2014 or the completion of the construction of the project, interest only was payable on these obligations from a capitalized interest account that was funded with the proceeds of the NYCHDC bonds. At June 30, 2017 and 2016, the long-term debt was as follows:

	<u>2017</u>	<u>2016</u>
Long-term debt	\$ 65,510,000	66,270,000
Less current installments	<u>(775,000)</u>	<u>(760,000)</u>
Total long-term debt, less current installments	<u>\$ 64,735,000</u>	<u>65,510,000</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(6) LONG-TERM DEBT, CONTINUED

The aggregate maturity of the long-term debt for the five years following June 30, 2017 and thereafter is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 775,000	2,611,652	3,386,652
2019	795,000	2,596,652	3,391,652
2020	810,000	2,576,652	3,386,652
2021	1,135,000	2,550,244	3,685,244
2022	1,480,000	2,510,244	3,990,244
Thereafter	<u>60,515,000</u>	<u>36,404,979</u>	<u>96,919,979</u>
	\$ <u>65,510,000</u>	<u>49,250,423</u>	114,760,423
Less amount representing interest			<u>(49,250,423)</u>
Carrying amount of obligations		\$	<u>65,510,000</u>

(7) 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 (related parties). At June 30, 2017 and 2016, \$2,586,954 and \$1,563,868, respectively, was held in cash balances.

(8) PENSION PLAN

The Auxiliary has a noncontributory plan, which covers management and administrative employees. For the years ended June 30, 2017 and 2016, the Auxiliary agreed to contribute to the plan either 10% or 8%, respectively, of earnings for eligible employees based on their longevity. Pension expense for the years ended June 30, 2017 and 2016 amounted to \$64,223 and \$67,627, respectively.

(9) DONATED SPACE AND SERVICES

The Auxiliary utilizes certain facilities and professional services provided by the College. The estimated fair values of facilities and professional services are included in the accompanying consolidated statements of revenue, expenses and changes in net position. Facilities and professional services for the years ended June 30, 2017 and 2016 amounted to the following:

	<u>2017</u>	<u>2016</u>
Facilities	\$ 411,460	396,765
Professional services	<u>33,695</u>	<u>27,984</u>
	\$ <u>445,155</u>	<u>424,749</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Notes to Consolidated Financial Statements, Continued

(10) BOOKSTORE COMMISSIONS

Bookstore commissions represent income earned under a contract first entered into with Barnes & Noble College Bookstores, Inc. on April 1, 1998, to operate and maintain the campus bookstore. The contract, which expires on March 31, 2018, provides the Auxiliary with annual commissions equal to an amount based on a percentage of sales at the campus bookstore or a minimum guarantee, whichever is greater. For the years ended June 30, 2017 and 2016, bookstore commissions amounted to \$192,034 and \$195,389, respectively.

(11) TENNIS CENTER COMMISSIONS

Tennis center commissions represent income earned under a 15-year agreement first entered into with Staten Island Tennis Group, LLC, on October 1, 2003, that expires October 1, 2019. The terms of the contract provide the Auxiliary with annual commissions equal to an amount based on a percentage of revenue at the Tennis Center with a minimum amount guaranteed annually. For the years ended June 30, 2017 and 2016, guaranteed payments amounted to \$197,973 and \$189,117, respectively.

(12) ROYALTY AGREEMENT

The University entered into a contract with an unrelated organization in 2014, which allows the organization to sell its brand of products exclusively at the College. The terms of the contract provide the University with annual royalties. The University allocates the annual royalties to the Auxiliary based on sales of the products sold in the previous year. The Auxiliary received \$106,349 of the allocation from the University in 2017. The payment received for the year ended June 30, 2017 is included in food service revenue.

(13) DUE TO RELATED ENTITIES

Various related parties contributed \$1,100,000 which represents guarantee funds associated with the Subsidiary. The total amount of guarantee funds for the Subsidiary is \$1,600,000. The remaining \$500,000 was contributed by the Corporation. These funds were required to guarantee the obligation to the bond holders and have been deposited in a restricted (control) bank account. During the 2016-2017 fiscal year, \$1,100,000 was returned to the various related parties.

THE COLLEGE OF STATEN ISLAND
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Notes to Consolidated Financial Statements, Continued

(14) VENDING AGREEMENT

Effective January 4, 2016, the Auxiliary became a party to the vending operations agreement between CUNY and the Canteen Vending Division of the Compass Group that went into effect in May 2015. This agreement eliminated the self-managed vending program thereby reducing the related salary, fringe benefit, program and product expenses. The Second Amendment to the Vending Operation Agreement provides for a signing bonus to the Corporation of \$105,223, a pro-rata share of the \$45,226 annual royalty payment and 29% of net sales as defined by the Agreement.

(15) 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.

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.

THE COLLEGE OF STATEN ISLAND
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Notes to Consolidated Financial Statements, Continued

(15) ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED, CONTINUED

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.

THE COLLEGE OF STATEN ISLAND
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Consolidating Statement of Net Position

June 30, 2017

Assets	The College of Staten Island Auxiliary Services Corporation, Inc.	CSI Student Housing, LLC	<u>Total</u>
CURRENT ASSETS:			
Cash and equivalents	\$ 3,982,523	1,558,616	5,541,139
Receivables:			
Catering	100,725	-	100,725
Meal plans	72,761	-	72,761
Tenants, less allowance for doubtful accounts of \$116,416	-	3,718	3,718
Other	60,077	22,784	82,861
Total receivables	<u>233,563</u>	<u>26,502</u>	<u>260,065</u>
Inventory	59,734	-	59,734
Prepaid expenses and other assets	72,819	61,864	134,683
Total current assets	<u>4,348,639</u>	<u>1,646,982</u>	<u>5,995,621</u>
NONCURRENT ASSETS:			
Restricted deposits	1,632,894	6,407,743	8,040,637
Investments, at fair value	732,897	807,123	1,540,020
Capital assets, net	340,302	52,513,757	52,854,059
Total noncurrent assets	<u>2,706,093</u>	<u>59,728,623</u>	<u>62,434,716</u>
Total assets	<u>7,054,732</u>	<u>61,375,605</u>	<u>68,430,337</u>

(Continued)

THE COLLEGE OF STATEN ISLAND
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AND SUBSIDIARY
Consolidating Statement of Net Position, Continued

Liabilities	The College of Staten Island Auxiliary Services Corporation, Inc.	CSI Student Housing, LLC	<u>Total</u>
CURRENT LIABILITIES:			
Accrued interest	\$ -	1,240,414	1,240,414
Accounts payable and accrued expenses	339,129	314,309	653,438
Deposit held in custody for others	2,586,954	-	2,586,954
Unearned revenue	34,413	-	34,413
Prepaid rent	-	19,868	19,868
Other current liabilities	-	18,787	18,787
Current portion of long-term debt	-	775,000	775,000
Total current liabilities	<u>2,960,496</u>	<u>2,368,378</u>	<u>5,328,874</u>
NONCURRENT LIABILITIES:			
Security deposit	5,000	292,647	297,647
Long-term debt, excluding current portion	-	64,735,000	64,735,000
Total noncurrent liabilities	<u>5,000</u>	<u>65,027,647</u>	<u>65,032,647</u>
Total liabilities	<u>2,965,496</u>	<u>67,396,025</u>	<u>70,361,521</u>
Net Position			
Net investment in capital assets	340,302	-	340,302
Unrestricted (deficit)	3,748,934	(6,020,420)	(2,271,486)
Total net position (deficit)	<u>\$ 4,089,236</u>	<u>(6,020,420)</u>	<u>(1,931,184)</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
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Consolidating Statement of Revenue, Expenses and Changes in Net Position
Year ended June 30, 2017

	The College of Staten Island Auxiliary Services Corporation, Inc.	CSI Student Housing, LLC	<u>Total</u>
OPERATING REVENUE:			
Food service revenue	\$ 2,536,005	-	2,536,005
Parking fees	814,621	-	814,621
Bookstore commissions	192,034	-	192,034
Tennis center commissions	197,973	-	197,973
Parking enforcement	180,404	-	180,404
Rental income - student housing	-	5,889,190	5,889,190
Administrative fees	117,974	-	117,974
Donated space and services	445,155	-	445,155
Other	97,773	278,831	376,604
	<u>4,581,939</u>	<u>6,168,021</u>	<u>10,749,960</u>
OPERATING EXPENSES:			
Food service:			
Costs of goods sold	891,945	-	891,945
Salaries and benefits	1,180,802	-	1,180,802
Other	309,067	-	309,067
	<u>2,381,814</u>	<u>-</u>	<u>2,381,814</u>
Parking	662,149	-	662,149
Management and general	999,882	-	999,882
Interest expense	-	2,626,502	2,626,502
Student housing	-	2,132,803	2,132,803
Depreciation	146,379	2,120,029	2,266,408
	<u>4,190,224</u>	<u>6,879,334</u>	<u>11,069,558</u>
Total operating expenses	<u>4,190,224</u>	<u>6,879,334</u>	<u>11,069,558</u>
Income (loss) from operations	<u>391,715</u>	<u>(711,313)</u>	<u>(319,598)</u>

(Continued)

THE COLLEGE OF STATEN ISLAND
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Consolidating Statement of Revenue, Expenses and Changes in Net Position, Continued

	The College of Staten Island Auxiliary Services <u>Corporation, Inc.</u>	CSI Student Housing, <u>LLC</u>	<u>Total</u>
NONOPERATING REVENUE (EXPENSES):			
Interest and dividend income	\$ 15,633	21,854	37,487
Gain on investments	40,481	2,591	43,072
College support	<u>(262,038)</u>	<u>-</u>	<u>(262,038)</u>
Total nonoperating revenue (expenses), net	<u>(205,924)</u>	<u>24,445</u>	<u>(181,479)</u>
Increase (decrease) in net position	185,791	(686,868)	(501,077)
Net position (deficit) at beginning of year	2,803,445	(4,233,552)	(1,430,107)
Members' contribution (distribution)	<u>1,100,000</u>	<u>(1,100,000)</u>	<u>-</u>
Net position (deficit) at end of year	<u>\$ 4,089,236</u>	<u>(6,020,420)</u>	<u>(1,931,184)</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY
Deposits Held in Custody for Others
Year ended June 30, 2017

<u>Accounts</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Receipts</u>	<u>Reimbursed</u> <u>Commitment</u> <u>Fee</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Graduate Photos/Gazetteer	\$ 18,528	4,188	-	601	22,115
Resource Center for the Deaf	23,790	55,029	-	69,279	9,540
Cell Towers	160,782	77,403	655,000	307,198	585,987
Campus Planning Office Space Rental Unit	37,811	123,991	145,000	160,630	146,172
Recycled Paper	860	24,984	-	17,070	8,774
Dramatic Arts	3,466	2,390	-	3,879	1,977
Utilities Account	414,418	211,482	300,000	90,025	835,875
Campus Center Revenue	24,270	11,061	-	17,412	17,919
CLEP Testing	4,096	8,670	-	8,966	3,800
Center for the Arts	305,319	595,860	-	612,283	288,896
Sports and Recreation Center	153,414	757,684	-	549,446	361,652
Education Department	1,437	2,655	-	2,292	1,800
CSI Transportation	323,194	2,040	-	104,410	220,824
Options Program	4,183	18,248	-	16,419	6,012
S.I. Leadership Institute	(30)	-	-	-	(30)
Building and Grounds	6,945	182,536	-	183,106	6,375
Campus Center Operations	316	54,400	-	54,655	61
CSI Foundation	109	-	-	109	-
HPC	17,120	-	-	8,862	8,258
Office of Technology Systems	61,177	10,306	-	17,908	53,575
Other	2,663	21,910	-	17,201	7,372
	<u>\$ 1,563,868</u>	<u>2,164,837</u>	<u>1,100,000</u>	<u>2,241,751</u>	<u>2,586,954</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY
Food Service Revenue
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Food sales:		
Campus Center	\$ 1,180,892	1,249,150
Park Café	24,896	21,531
Bits & Bytes	375,433	385,533
Food Cart	27,147	30,261
Miscellaneous income	30,157	4,542
Vending income/commission	356,187	622,063
Catering income	<u>541,293</u>	<u>515,062</u>
	<u>\$ 2,536,005</u>	<u>2,828,142</u>

THE COLLEGE OF STATEN ISLAND
AUXILIARY SERVICES CORPORATION, INC.
AND SUBSIDIARY

Parking Expenses
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Salaries	\$ 229,574	230,891
Benefits	49,537	53,148
Supplies and postage	48,738	50,351
Security	79,296	66,633
Repairs and maintenance	139,283	105,080
Printing and advertising	13,400	15,782
Insurance	33,918	32,142
Bank charges	66,459	60,322
Miscellaneous	<u>1,944</u>	<u>5,585</u>
	<u>\$ 662,149</u>	<u>619,934</u>