

EUGENIO MARIA DE HOSTOS COMMUNITY
COLLEGE AUXILIARY ENTERPRISES
CORPORATION, INC.

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 13
Financial Statements:	
Statements of Net Position	14
Statements of Revenue, Expenses and Changes in Net Position	15 - 16
Statements of Cash Flows	17 - 18
Notes to Financial Statements	19 - 23
Schedule of Revenue and Expenses - Culture and Arts Program	24

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Eugenio Maria De Hostos Community College
Auxiliary Enterprises Corporation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation, Inc. (the Auxiliary) as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the net position of Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation, Inc. as of June 30, 2024 and 2023 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Auxiliary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Auxiliary's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Auxiliary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Auxiliary's basic financial statements. The schedule of revenue and expenses - culture and arts program is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of revenue and expenses - culture and arts program is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and expenses - culture and arts program is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 18, 2024

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis

June 30, 2024 and 2023

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation, Inc.'s (the Auxiliary) financial position as of June 30, 2024 and 2023, and changes in its net position for the years then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Auxiliary's net position decreased by \$133,938 or 5%.
- Operating revenue decreased by \$125,647 or 6%.
- Operating expenses decreased by \$691,262 or 24%.

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 is one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities and net position as of June 30, 2024 and 2023, under the accrual basis of accounting:

	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 2,813,298	3,827,508	(1,014,210)	(26%)
Noncurrent assets	<u>67,755</u>	<u>17,646</u>	<u>50,109</u>	284%
Total assets	<u>2,881,053</u>	<u>3,845,154</u>	<u>(964,101)</u>	(25%)
Liabilities	<u>68,619</u>	<u>898,782</u>	<u>(830,163)</u>	(92%)
Net position:				
Net investment in capital assets	67,755	17,646	50,109	284%
Unrestricted	<u>2,744,679</u>	<u>2,928,726</u>	<u>(184,047)</u>	(6%)
Total net position	\$ <u>2,812,434</u>	<u>2,946,372</u>	<u>(133,938)</u>	(5%)

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

At June 30, 2024, the Auxiliary's total net position decreased by \$133,938 or 5%, compared to the previous year. The decrease in net position was mainly due to the decrease in operating revenue resulting from an increase in operations and decrease in grants received during the year as reflected in the statements of revenue, expenses and changes in net position.

Current assets decreased by \$1,014,210 or 26%, compared to the previous year. The majority of this variance was attributable to decreases in cash and equivalents and due from related parties of \$502,744 and \$512,026, respectively. The decrease in cash and equivalents was due to expenditures outweighing revenue.

At June 30, 2024, the Auxiliary's total current liabilities decreased by \$830,163 or 92%, due to a decrease in due to related parties of \$803,908.

The following summarizes the Auxiliary's assets, liabilities and net position as of June 30, 2023 and 2022, under the accrual basis of accounting:

	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 3,827,508	4,371,539	(544,031)	(12%)
Noncurrent assets	<u>17,646</u>	<u>14,616</u>	<u>3,030</u>	21%
Total assets	<u>3,845,154</u>	<u>4,386,155</u>	<u>(541,001)</u>	(12%)
Liabilities:				
Current liabilities	898,782	716,426	182,356	25%
Noncurrent liabilities	<u>-</u>	<u>16,813</u>	<u>(16,813)</u>	(100%)
Total liabilities	<u>898,782</u>	<u>733,239</u>	<u>165,543</u>	23%
Net position:				
Net investment in capital assets	17,646	14,616	3,030	21%
Unrestricted	<u>2,928,726</u>	<u>3,638,300</u>	<u>(709,574)</u>	(20%)
Total net position	<u>\$ 2,946,372</u>	<u>3,652,916</u>	<u>(706,544)</u>	(19%)

At June 30, 2023, the Auxiliary's total net position decreased by \$706,544 or 19%, compared to the previous year. The decrease in net position was mainly due to the decrease in operating revenue resulting from an increase in operations and decrease in grants received during the year as reflected in the statements of revenue, expenses and changes in net position.

Current assets decreased by \$544,031 or 12%, compared to the previous year. The majority of this variance was attributable to a decrease in cash and equivalents of \$421,857. The decrease in cash and equivalents was due to expenditures outweighing revenue.

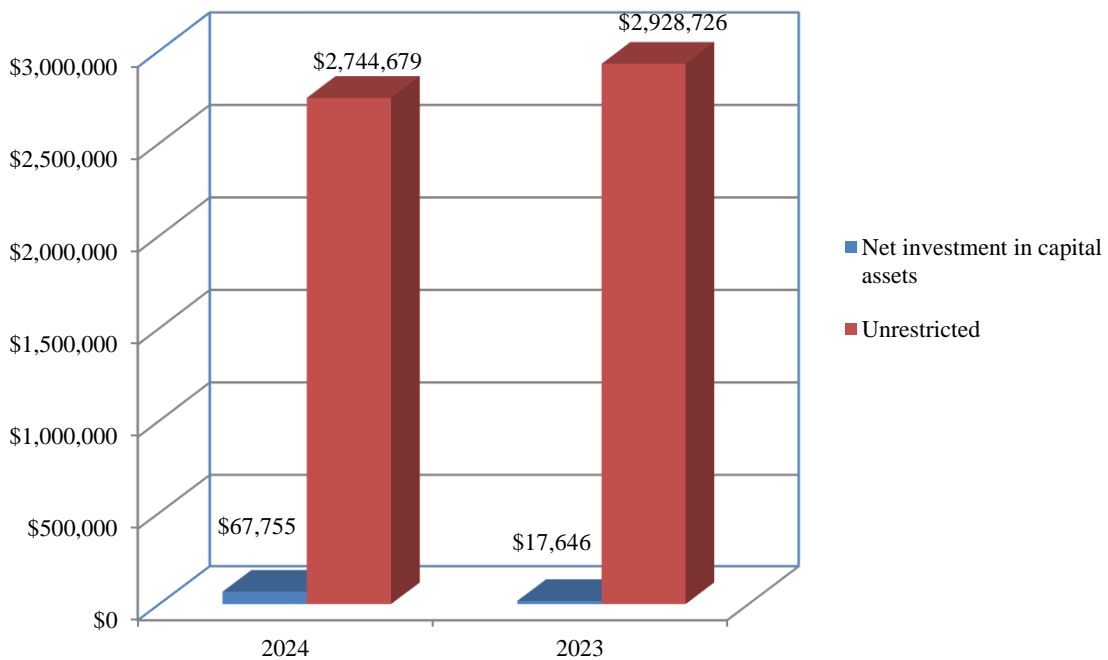
EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

At June 30, 2023, the Auxiliary's total current liabilities increased by \$182,356 or 25%, due to an increase in due to related parties of \$328,758, offset by a decrease in accounts payable and accrued expense of \$89,227 and unearned revenue of \$57,175.

The following illustrates the Auxiliary's net position at June 30, 2024 and 2023 by category:

Net Position



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 for the years ended June 30, 2024 and 2023 are as follows:

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

Revenue

	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Grants	\$ 125,311	-	125,311	100%
Performing arts series	3,779	-	3,779	100%
Commissions:				
Bookstore	12,592	11,369	1,223	11%
Cafeteria and vending	63,865	104,678	(40,813)	(39%)
Parking fees	47,975	65,215	(17,240)	(26%)
Antenna rental	34,223	33,589	634	2%
Royalties	3,547	730	2,817	386%
Classrooms and space rental	474,468	45,231	429,237	949%
Culture and arts:				
Performing arts series	118,801	258,101	(139,300)	(54%)
Facility rentals	131,437	432,756	(301,319)	(70%)
Grants	127,245	329,345	(202,100)	(61%)
Other	2,685	-	2,685	100%
Donated space and services	861,401	836,420	24,981	3%
Other	<u>15,705</u>	<u>31,247</u>	<u>(15,542)</u>	<u>(50%)</u>
Total operating revenue	2,023,034	2,148,681	(125,647)	(6%)
Nonoperating revenue - other revenue	<u>7,141</u>	<u>150</u>	<u>6,991</u>	4,661%
Total revenue	\$ <u>2,030,175</u>	<u>2,148,831</u>	<u>(118,656)</u>	(6%)

The Auxiliary's total operating revenue for the year ended June 30, 2024 amounted to \$2,023,034, a decrease of \$125,647 or 6%, compared to the previous year. The major components of this variance related to a decrease in facility rentals, and performing arts series of \$301,319 and \$139,300, respectively. The operating revenue decrease was offset by increase in classrooms and space rentals of \$429,237.

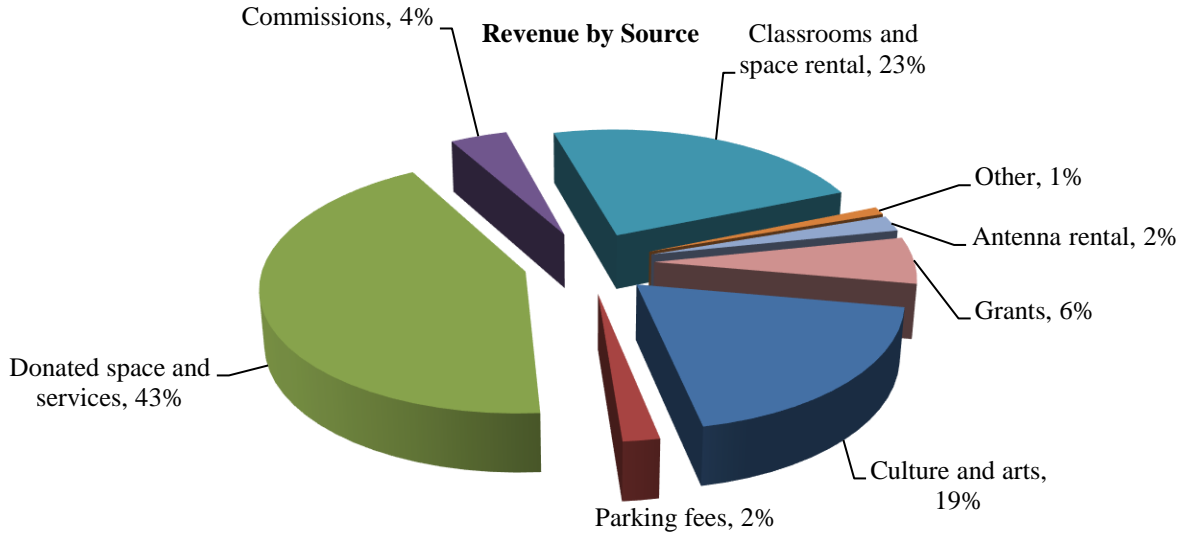
The Auxiliary's nonoperating revenue for the year ended June 30, 2024 was \$7,141, an increase of \$6,991 or 4,661% compared to the previous year.

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

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2024:



The major components of revenue for the years ended June 30, 2023 and 2022 are as follows:

Revenue

	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Grants	\$ -	37,842	(37,842)	(100%)
Commissions:				
Bookstore	11,369	16,173	(4,804)	(30%)
Cafeteria and vending	104,678	2,149	102,529	4,771%
Parking fees	65,215	42,620	22,595	53%
Antenna rental	33,589	27,720	5,869	21%
Royalties	730	627	103	16%
Classrooms and space rental	45,231	182,176	(136,945)	(75%)
Culture and arts:				
Performing arts series	258,101	24,542	233,559	952%
Facility rentals	432,756	168,625	264,131	157%
Grants	329,345	921,092	(591,747)	(64%)
Other	-	1,487	(1,487)	(100%)
Donated space and services	836,420	845,667	(9,247)	(1%)
Other	<u>31,247</u>	<u>38,790</u>	<u>(7,543)</u>	<u>(19%)</u>
Total operating revenue	2,148,681	2,309,510	(160,829)	(7%)
Nonoperating revenue - other revenue	<u>150</u>	<u>27,203</u>	<u>(27,053)</u>	<u>(99%)</u>
Total revenue	\$ <u>2,148,831</u>	<u>2,336,713</u>	<u>(187,882)</u>	<u>(8%)</u>

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

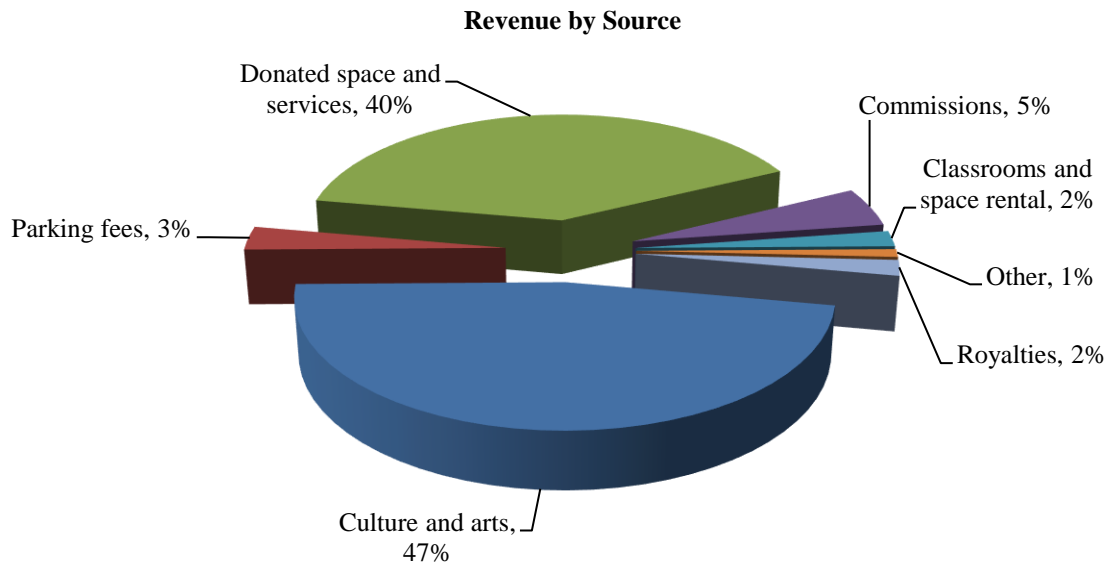
Management's Discussion and Analysis, Continued

The Auxiliary's total operating revenue for the year ended June 30, 2023 amounted to \$2,148,681, a decrease of \$160,829 or 7%, compared to the previous year. The major components of this variance related to a decrease in classrooms and space rentals and grants revenue of \$136,945 and \$591,747, respectively. The operating revenue increase was offset by an increase in performing arts series and facility rentals of \$233,559 and \$264,131, respectively.

The Auxiliary's nonoperating revenue for the year ended June 30, 2023 was \$150, a decrease of \$27,053 or 99% compared to the previous year.

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, 2023:



EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

The major components of expenses for the years ended June 30, 2024 and 2023 are as follows:

Expenses

	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Athletics and recreation	\$ -	60,971	(60,971)	(100%)
Culture and arts	1,124,018	1,372,239	(248,221)	(18%)
Performing arts	43,973	125,710	(81,737)	(65%)
Payroll	23,117	92,530	(69,413)	(75%)
Special project	6,451	65,225	(58,774)	(90%)
Management and general	585,869	943,794	(357,925)	(38%)
Depreciation	17,988	4,369	13,619	312%
Career services and other	<u>362,697</u>	<u>190,537</u>	<u>172,160</u>	90%
Total expenses	\$ <u>2,164,113</u>	<u>2,855,375</u>	<u>(691,262)</u>	(24%)

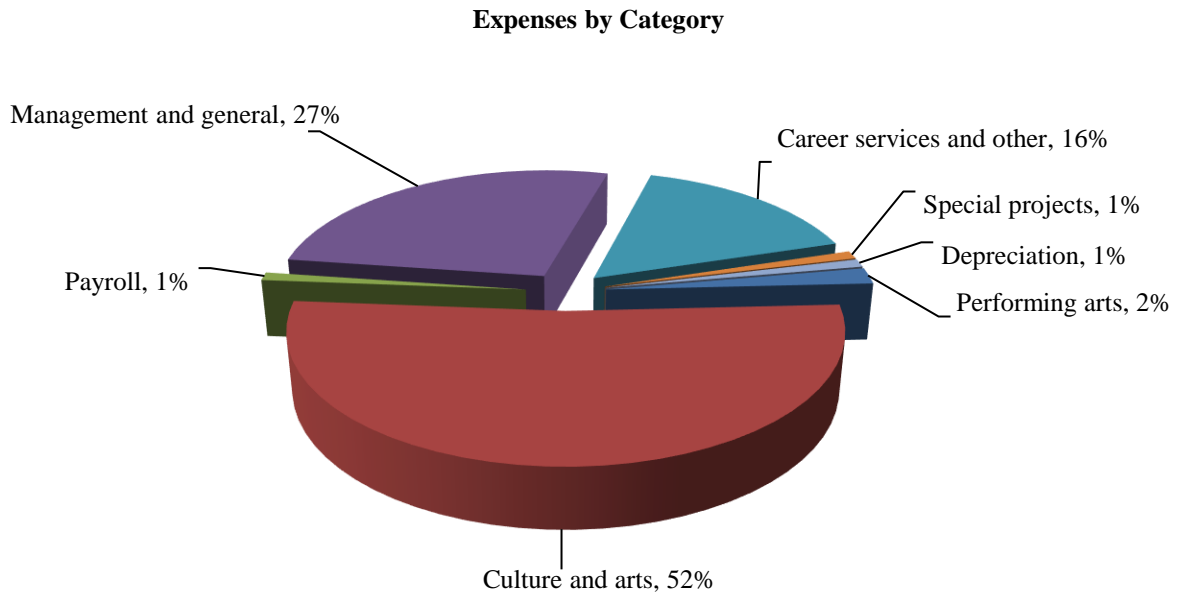
Total expenses for the year ended June 30, 2024 were \$2,164,113, an decrease of \$691,262 or 24%, compared to the previous year. The decrease spending was a result of operations and campus programs decreasing. The following spending categories contributed to the overall decrease: athletics and recreation by \$60,971 or 100%, culture and arts by \$248,221 or 18%, performing arts by \$81,737 or 65%, payroll by \$69,413 or 75%, special project by \$58,774 or 90% and management and general by \$357,925 or 38%. The decreases were offset by increases in depreciation of \$13,619 or 312% and career services and other of \$172,160 or 90%.

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

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2024:



The major components of expenses for the years ended June 30, 2023 and 2022 are as follows:

Expenses

	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Athletics and recreation	\$ 60,971	10,754	50,217	467%
Culture and arts	1,372,239	909,297	462,942	51%
Performing arts	125,710	83,201	42,509	51%
Payroll	92,530	24,778	67,752	273%
Special project	65,225	-	65,225	100%
Management and general	943,794	872,071	71,723	8%
Depreciation	4,369	5,218	(849)	(16%)
Career services and other	<u>190,537</u>	<u>47,054</u>	<u>143,483</u>	305%
Total expenses	<u>\$ 2,855,375</u>	<u>1,952,373</u>	<u>903,002</u>	46%

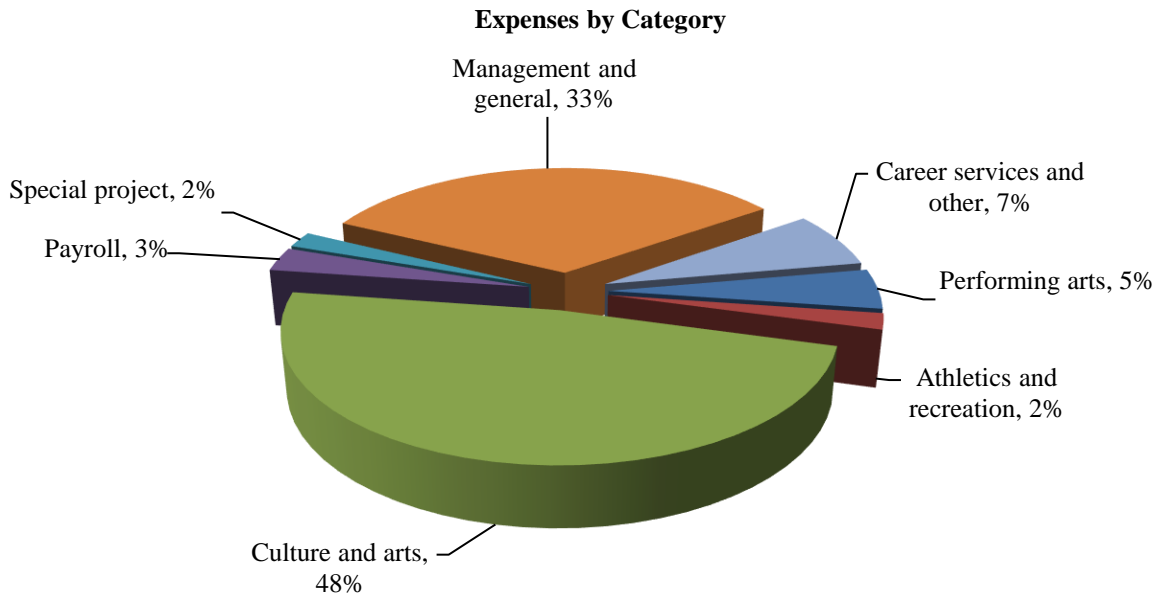
Total expenses for the year ended June 30, 2023 were \$2,855,375 an increase of \$903,002 or 46%, compared to the previous year. The increase in spending was a result of operations and campus programs increasing. The following spending categories contributed to the overall increase: culture and arts by \$462,942 or 51%, performing arts by \$42,509 or 51%, payroll by \$67,752 or 273%, management and general by \$71,723 or 8% and career services and other by \$143,483 or 305%. The increases were offset by decreases in depreciation expense of \$849 or 16%.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
 AUXILIARY ENTERPRISES CORPORATION, INC.

Management’s Discussion and Analysis, Continued

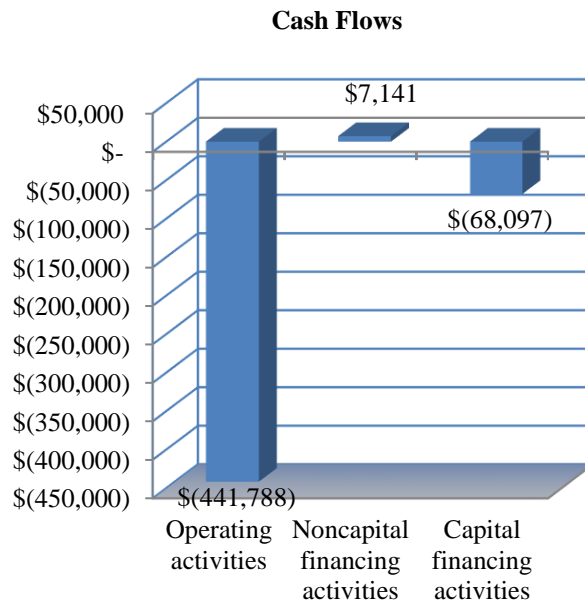
There were no other significant or unexpected changes in the Auxiliary’s expenses.

The following illustrates the Auxiliary’s expenses, by category, for the year ended June 30, 2023:



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, 2024:



EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Management's Discussion and Analysis, Continued

Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Statements of Net Position
June 30, 2024 and 2023

	<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:			
Cash and equivalents		\$ 2,498,245	3,000,989
Accounts receivable other		117,057	112,773
Due from related entities		197,996	710,022
Prepaid expenses		-	3,724
Total current assets		2,813,298	3,827,508
Noncurrent assets - capital assets, net		67,755	17,646
Total assets		2,881,053	3,845,154
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued expenses		4,800	31,055
Due to related entities		63,819	867,727
Total current liabilities		68,619	898,782
<u>Net Position</u>			
Net investment in capital assets		67,755	17,646
Unrestricted		2,744,679	2,928,726
Total net position		\$ 2,812,434	2,946,372

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Grants	\$ 125,311	-
Performing arts series	3,779	-
Commissions:		
Bookstore	12,592	11,369
Cafeteria and vending	63,865	104,678
Parking fees	47,975	65,215
Antenna rental	34,223	33,589
Royalty income	3,547	730
Classrooms and space rental	474,468	45,231
Culture and arts:		
Performing arts series	118,801	258,101
Facility rentals	131,437	432,756
Grants	127,245	329,345
Other	2,685	-
Donated space and services	861,401	836,420
Other	<u>15,705</u>	<u>31,247</u>
Total operating revenue	<u>2,023,034</u>	<u>2,148,681</u>
Operating expenses:		
Athletics and recreation	-	60,971
Culture and arts	1,124,018	1,372,239
Performing arts	43,973	125,710
Payroll	23,117	92,530
Special project	6,451	65,225
Management and general	585,869	943,794
Depreciation	17,988	4,369
Career services and other	<u>362,697</u>	<u>190,537</u>
Total operating expenses	<u>2,164,113</u>	<u>2,855,375</u>
Loss from operations	<u>(141,079)</u>	<u>(706,694)</u>

(Continued)

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.
Statements of Revenue, Expenses and Changes in Net Position, Continued

	<u>2024</u>	<u>2023</u>
Nonoperating revenue - other	\$ 7,141	150
Change in net position	(133,938)	(706,544)
Net position at beginning of year	<u>2,946,372</u>	<u>3,652,916</u>
Net position at end of year	<u>\$ 2,812,434</u>	<u>2,946,372</u>

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Statements of Cash Flows
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from:		
Grants	\$ 125,311	10,800
Performing arts series	3,779	-
Bookstore commissions	12,592	11,369
Cafeteria and vending commissions	75,682	29,614
Parking fees	47,975	51,365
Antenna rental	34,223	33,589
Royalties	3,547	730
Conference center rental	-	(200)
Classrooms and space rental	474,468	45,231
Culture and arts programs	849,453	873,334
Other	15,705	31,247
Cash payments to/for:		
Employees' salaries and benefits	(248,988)	(264,966)
Vendors	(1,761,547)	(883,419)
Other	<u>(73,988)</u>	<u>(353,302)</u>
Net cash used in operating activities	<u>(441,788)</u>	<u>(414,608)</u>
Cash flows from noncapital financing activities - receipts from other	7,141	150
Cash flows from capital financing activities - purchase of capital assets	<u>(68,097)</u>	<u>(7,399)</u>
Net change in cash and equivalents	(502,744)	(421,857)
Cash and equivalents at beginning of year	<u>3,000,989</u>	<u>3,422,846</u>
Cash and equivalents at end of year	<u>\$ 2,498,245</u>	<u>3,000,989</u>

(Continued)

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.
Statements of Cash Flows, Continued

	<u>2024</u>	<u>2023</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (141,079)	(706,694)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	17,988	4,369
Bad debt expense	26,640	255,016
Changes in:		
Accounts receivable	(30,924)	(97,677)
Due from related entities	512,026	(53,517)
Prepaid expenses	3,724	18,352
Accounts payable and accrued expenses	(26,255)	(89,227)
Unearned revenue	-	(57,175)
Due to related entities	(803,908)	328,758
Security deposits	<u>-</u>	<u>(16,813)</u>
Net cash used in operating activities	<u>\$ (441,788)</u>	<u>(414,608)</u>
 Supplemental schedule of cash flow information - disposal of fully depreciated capital assets		
	<u>\$ 3,069</u>	<u>-</u>

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(1) Nature of Organization

The Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation, Inc. (the Auxiliary) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Eugenio Maria De Hostos 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 entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Auxiliary is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Auxiliary'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, 2024 and 2023, the Auxiliary had no restricted net position.

(c) Cash and Equivalents

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

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Accounts Receivable

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

(e) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$5,000 or more. 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, fixtures and equipment is five years.

(f) Revenue Recognition

Operating revenue is recognized in the period earned and is primarily derived from agreements with third-party vendors that provide bookstore, cafeteria services, as well as fees charged for the use of parking and space rentals. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(g) Unearned Revenue

Unearned revenue represents amounts collected prior to fiscal year end relating to subsequent fiscal years.

(h) Donated Space and Services

The Auxiliary operates on the campus of the College and utilizes office space and certain services made available to it. The cost savings associated with such arrangements are recorded as donated space and services and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such space and services (note 6).

(i) 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.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) 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.

(k) 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.

(l) 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) Concentration of Credit Risk

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, 2024, \$2,036,369 of the Auxiliary's bank balance of \$2,618,195 was exposed to custodial credit risk as it was uninsured and uncollateralized. At June 30, 2023, \$2,727,857 of the Auxiliary's bank balance of \$3,111,963 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Capital Assets

At June 30, 2024 and 2023, capital assets consisted of the following:

	2024			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 107,654	68,097	(3,069)	172,682
Land improvements	77,310	-	-	77,310
Less accumulated depreciation	<u>(167,318)</u>	<u>(17,988)</u>	<u>3,069</u>	<u>(182,237)</u>
Capital assets, net	<u>\$ 17,646</u>	<u>50,109</u>	<u>-</u>	<u>67,755</u>

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	2023			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 100,255	7,399	-	107,654
Land improvements	77,310	-	-	77,310
Less accumulated depreciation	<u>(162,949)</u>	<u>(4,369)</u>	<u>-</u>	<u>(167,318)</u>
Capital assets, net	<u>\$ 14,616</u>	<u>3,030</u>	<u>-</u>	<u>17,646</u>

(5) Commissions and Rentals

(a) Antenna Rental

In fiscal year 2006, the Auxiliary signed a contract with AT&T Wireless to operate communication facilities, including radio transmitting and receiving antennas. The initial term of the agreement was for five years beginning January 1, 2005 and ending December 31, 2010. The agreement may be renewed for up to four additional five-year terms, upon mutual agreement. The agreement has been renewed as of April 2017. A one-time payment of \$10,000 was received upon execution of the agreement and a monthly fee of \$1,500 is payable in advance. Beginning with the second year of the initial term, and each year thereafter, the monthly fee will be increased by approximately 2%.

(b) Cafeteria

Cafeteria commissions represent income earned under a contract with an unrelated organization to provide all dining services on the College's premises. On January 4, 2023, the College contracted with A La Carte Menu Services, Inc. The contract is in effect from January 25, 2023 to June 30, 2027.

(6) Donated Space and Services

The Auxiliary utilizes certain facilities provided by the College at no cost. For the years ended June 30, 2024 and 2023, the estimated fair value of the donated space, which is used, solely by the Auxiliary, and professional services provided by certain College employees amounted to \$437,591 and \$450,282, respectively. The College also provided the culture and arts program employee time for their operation, postage and utilities which amounted to \$423,810 and \$386,138 for the years ended June 30, 2024 and 2023, respectively. Such donated space and services are included in revenue and expenses in the accompanying statements of revenue, expenses and changes in net position.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.

Notes to Financial Statements, Continued

(7) Related Party Transactions

At June 30, 2024 and 2023, the Auxiliary owed \$63,819 and \$867,727, respectively, to other College entities. At June 30, 2024 and 2023, the Auxiliary had \$197,996 and \$710,022, respectively, due from other College entities. The Auxiliary is occasionally required to transfer funds to/from other Hostos College related entities during the course of the year for payroll reimbursement and other costs, if any.

(8) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE
AUXILIARY ENTERPRISES CORPORATION, INC.
Schedule of Revenue and Expenses - Culture and Arts Program
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Culture and arts revenue:		
Performing arts series	\$ 118,801	258,101
Facility rentals	131,437	432,756
Grants	127,245	329,345
Donated services	398,102	426,144
Other	2,685	-
Total revenue	778,270	1,446,346
Culture and arts expenses:		
Athletics and recreation	1,515	-
Performing arts	267,957	707,576
Payroll	203,292	141,646
Special project	33,790	21,463
Donated services	398,102	428,644
Other	219,362	72,910
Total expenses	1,124,018	1,372,239
Loss from operations	\$ (345,748)	74,107