HERBERT H. LEHMAN COLLEGE AUXILIARY ENTERPRISE CORPORATION, INC.

Financial Statements and
Supplementary Information

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Herbert H. Lehman College Auxiliary
Enterprise Corporation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc. (the Auxiliary) as of and for the years ended June 30, 2016 and 2015, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Auxiliary's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Auxiliary's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc. as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Toski & Co., CPAs, P.C.

Williamsville, New York
October 13, 2016

HERBERT H. LEMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.

Management's Discussion and Analysis

June 30, 2016 and 2015

The intent of Management's Discussion and Analysis (MD&A) is to provide readers with a comprehensive overview of the Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.'s (the Auxiliary) financial position as of June 30, 2016, and changes in net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Auxiliary's total net position increased $388,387 or 28.9% from the prior fiscal year.
- Operating revenue totaled $1,853,122 an increase of $194,075 or 11.7% from the prior fiscal year.
- Operating expenses totaled $1,072,931, a decrease of $19,069 or 1.8% from the prior fiscal year.

Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health. Over time, increases and decreases in the Auxiliary's net position is one indicator of an Auxiliary's long term fiscal stability.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities, and net position as of June 30, 2016 and 2015, under the accrual basis of accounting:

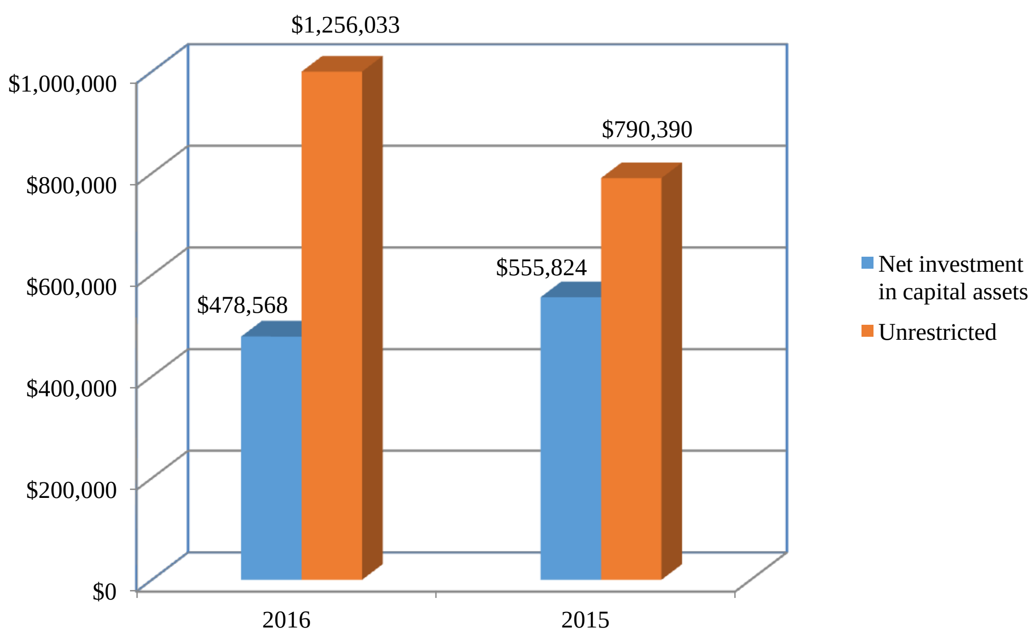
	2016	2015	Dollar change	Percent change
Assets:				
Current assets	$ 1,154,369	942,499	211,870	22.5%
Noncurrent assets	882,631	961,859	(79,228)	(8.2%)
Total assets	2,037,000	1,904,358	132,642	7.0%
Liabilities:				
Current liabilities	270,732	516,477	(245,745)	(47.6%)
Noncurrent liabilities	31,667	41,667	(10,000)	(24.0%)
Total liabilities	302,399	558,144	(255,745)	(45.8%)
Net position:				
Net investment in capital assets	478,568	555,824	(77,256)	(13.9%)
Unrestricted	1,256,033	790,390	465,643	58.9%
Total net position	$ 1,734,601	1,346,214	388,387	28.9%

At June 30, 2016, the Auxiliary's total assets increased by $132,642 or 7.0%, compared to the prior fiscal year. This variance represents an increase in current assets of $211,870 offset by a decrease in noncurrent assets of $79,228.

At June 30, 2016, the Auxiliary's total liabilities decreased $255,745 or 45.8%, compared to the prior fiscal year. The major components of this variance were related to a decrease in accounts payable and accrued expenses, ($98,887), deposits held in custody for others, ($95,609) and due to related parties, ($50,685). These variances were largely due to the timing of payments and disbursements from the various expense accounts.

The following illustrates the Auxiliary's net position at June 30, 2016 and 2015, by category:

Net Position



Statements of Revenue, Expenses and Changes in Net Position

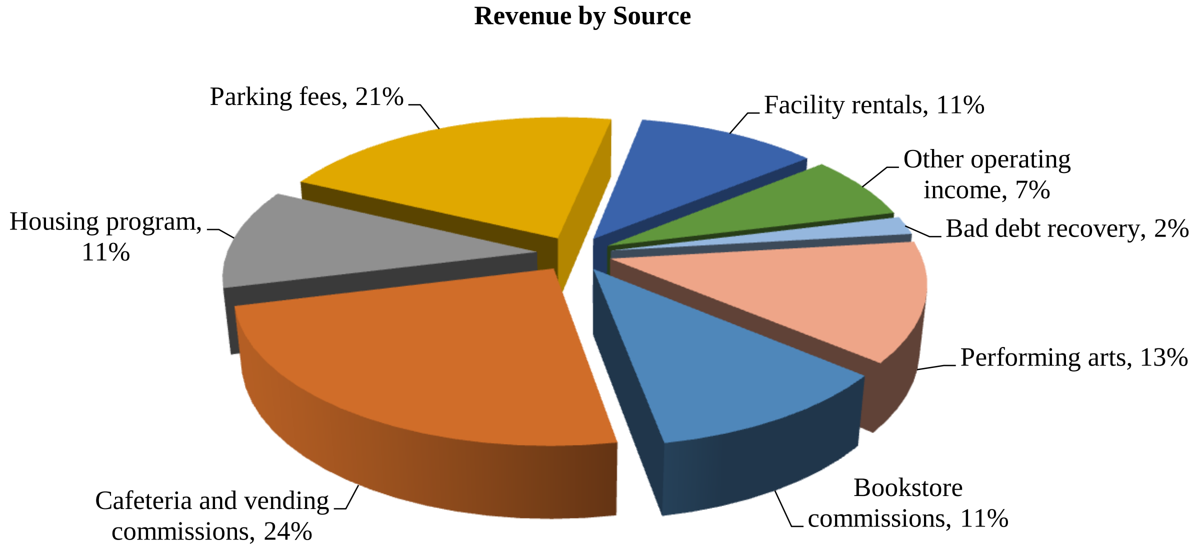
The statements of revenue, expenses and changes in net position presents the operating results of the Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2016 and 2015, are as follows:

Revenue

	2016	2015	Dollar change	Percent change
Operating revenue:				
Commissions:				
Bookstore	$ 206,710	222,729	(16,019)	(7.2%)
Cafeteria and vending	448,001	291,676	156,325	53.6%
Royalties	7,679	8,201	(522)	(6.4%)
Parking fees	381,002	371,537	9,465	2.6%
Facility rentals	212,107	213,945	(1,838)	(0.9%)
Performing arts	235,602	205,328	30,274	14.7%
Housing program	196,371	182,445	13,926	7.6%
Other income	130,140	161,637	(31,497)	(19.5%)
Bad debt recovery	33,961	-	33,961	100.0%
Donated space	1,549	1,549	-	-
Total operating revenue	1,853,122	1,659,047	194,075	11.7%
Nonoperating revenue:				
Investment loss	(1,599)	(2,048)	449	21.9%
Other income	1,862	3,837	(1,975)	(51.5%)
Total nonoperating revenue	263	1,789	(1,526)	(85.3%)
Total revenue	$ 1,853,385	1,660,836	192,549	11.6%

The Auxiliary's total revenue, including operating and nonoperating, for the year ended June 30, 2016, was $1,853,385, an increase of $192,549 or 11.6%, from the prior fiscal year. Driving this were increases in cafeteria and vending commission revenue, performing arts and bad debt recovery. The increase in cafeteria and vending commission revenue is largely due to a new CUNY-wide vending contract in which the College received a one-time signing bonus of $77,549 and vending royalties of $26,885. The increase in performing arts revenue reflects increased rentals at Lehman Stages. The increase in bad debt recovery represents monies recouped from a prior year debt.

The following illustrates the Auxiliary's operating revenue, by source, for the year ended June 30, 2016:



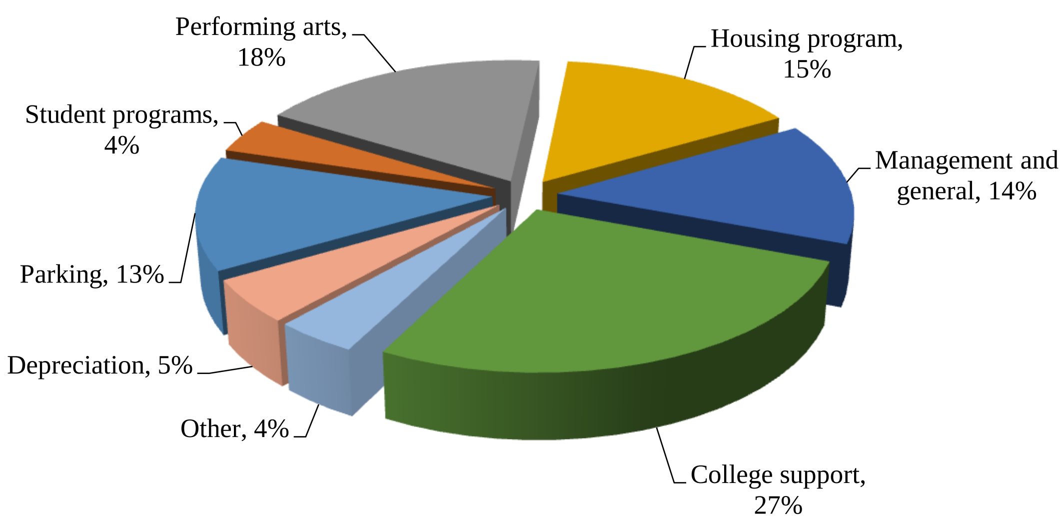
Expenses

	2016	2015	Dollar change	Percent change
Operating expenses:				
Parking	$ 191,123	230,397	(39,274)	(17.0%)
Student programs	58,292	61,278	(2,986)	(4.9%)
Performing arts	261,308	235,371	25,937	11.0%
Housing program	214,397	209,499	4,898	2.3%
Other	67,946	100,592	(32,646)	(32.5%)
Donated space	1,549	1,549	-	-
Management and general	199,242	174,603	24,639	14.1%
Depreciation	79,074	78,711	363	0.5%
Total operating expenses	1,072,931	1,092,000	(19,069)	(1.8%)
Nonoperating expenses - College support	392,067	391,079	988	0.3%
Total expenses	$ 1,464,998	1,483,079	(18,081)	(1.2%)

Total expenses for the year ended June 30, 2016 were $1,464,998, a decrease of $18,081 or 1.2%, compared to the previous fiscal year. The expense categories with significant changes include parking, a decrease of $39,274, other, a decrease of $32,646, performing arts, an increase of $25,937 and management and general, an increase of $24,639. Parking expenses decreased due to the final retirement of a lease in FY 15. The decrease in other reflects the elimination of the APEX Swim Club from this revenue category beginning in FY 16. The increase in performing arts reflects increased costs consistent with the increase in rental monies received by this facility. The increase in management and general is due to an increase in personnel costs as a result of staffing changes.

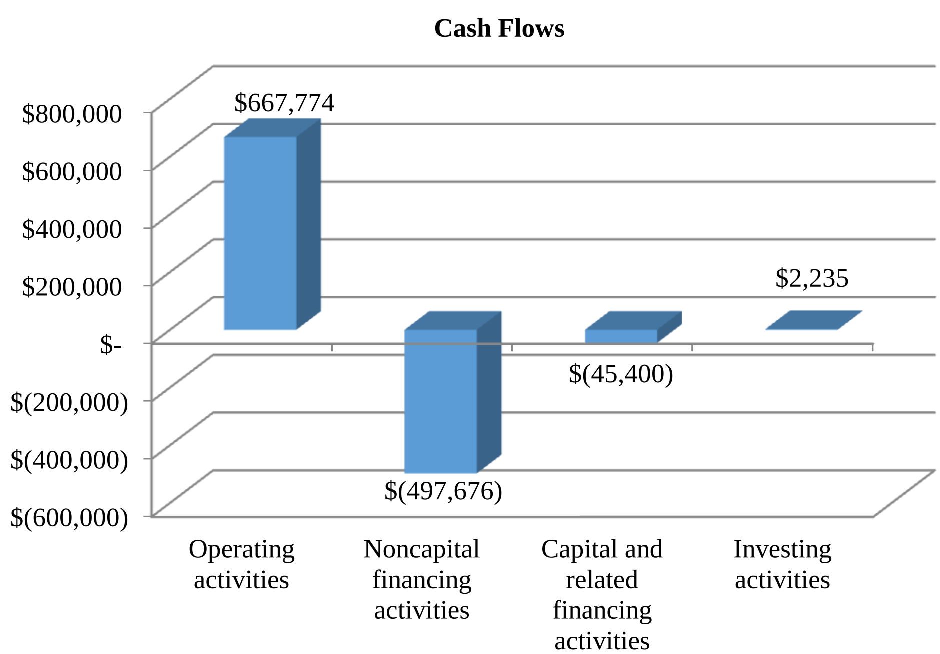
The following illustrates the Auxiliary's operating expenses, by category, for the year ended June 30, 2016:

Expenses by Category



Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the fiscal year. This statement assists users in assessing the Auxiliary's ability to maintain cash needed to meet its obligations and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2016:



Economic Factors That May Affect the Future

There are no known economic factors that may influence the future. The Auxiliary depends on user fees and commissions to fund its expenditures. Decreases in revenue would be offset by a corresponding decrease in expenditures.

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.
Statements of Net Position
June 30, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and equivalents	$ 757,429	630,496
Accounts receivable, net of allowance for doubtful accounts of $99,367 in 2016 and $170,922 in 2015	307,585	311,134
Prepaid expenses and other assets	89,355	869
Total current assets	1,154,369	942,499
Noncurrent assets:		
Investments, at fair value	404,063	406,035
Capital assets, net	478,568	555,824
Total noncurrent assets	882,631	961,859
Total assets	2,037,000	1,904,358
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	84,561	183,448
Due to related parties	116,800	167,485
Deposits held in custody for others	53,983	149,592
Unearned revenue	15,388	15,952
Total current liabilities	270,732	516,477
Noncurrent liabilities - security deposit	31,667	41,667
Total liabilities	302,399	558,144
Net Position		
Net investment in capital assets	478,568	555,824
Unrestricted	1,256,033	790,390
Total net position	$ 1,734,601	1,346,214

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2016 and 2015

	2016	2015
Operating revenue:		
Commissions:		
Bookstore	$ 206,710	222,729
Cafeteria and vending	448,001	291,676
Royalties	7,679	8,201
Parking fees	381,002	371,537
Facility rentals	212,107	213,945
Performing arts	235,602	205,328
Housing program	196,371	182,445
Other income	130,140	161,637
Bad debt recovery	33,961	-
Donated space	1,549	1,549
Total operating revenue	1,853,122	1,659,047
Operating expenses:		
Parking	191,123	230,397
Student programs	58,292	61,278
Performing arts	261,308	235,371
Housing program	214,397	209,499
Other	67,946	100,592
Donated space	1,549	1,549
Management and general	199,242	174,603
Depreciation	79,074	78,711
Total operating expenses	1,072,931	1,092,000
Income from operations	780,191	567,047
Nonoperating revenue (expenses):		
Investment loss	(1,599)	(2,048)
Other income	1,862	3,837
College support	(392,067)	(391,079)
Total nonoperating expenses, net	(391,804)	(389,290)
Increase in net position	388,387	177,757
Net position at beginning of year	1,346,214	1,168,457
Net position at end of year	$ 1,734,601	1,346,214

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.
Statements of Cash Flows
Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	$ 252,808	241,160
Cafeteria and vending commissions	487,057	267,888
Royalties commissions	8,479	10,416
Parking fees	341,939	333,822
Facility rentals	196,930	212,622
Bad debt recovery	24,946	-
Performing arts, housing program and other income	519,420	531,986
Cash payments to/for:		
Salaries and employee benefits	(289,098)	(139,819)
Vendors	(324,135)	13,457
Other	(550,572)	(517,563)
Net cash provided by operating activities	667,774	953,969
Cash flows from noncapital financing activities:		
Increase (decrease) in deposits held in custody for others	(95,609)	69,686
Proceeds from (repayment of) security deposits	(10,000)	20,834
College support	(392,067)	(391,079)
Net cash used in noncapital financing activities	(497,676)	(300,559)
Cash flows from capital and related financing activities:		
Purchases of capital assets	(45,400)	(82,165)
Repayment of capital lease obligations	-	(50,311)
Net cash used in capital and related financing activities	(45,400)	(132,476)
Cash flows from investing activities:		
Investment income	373	(249,472)
Other income	1,862	3,837
Net cash provided by (used in) investing activities	2,235	(245,635)
Net increase in cash and equivalents	126,933	275,299
Cash and equivalents at beginning of year	630,496	355,197
Cash and equivalents at end of year	$ 757,429	630,496

(Continued)

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.
Statements of Cash Flows, Continued

		2016	2015
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	$	780,191	567,047
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation		79,074	78,711
Increase (decrease) in allowance for doubtful accounts		(71,555)	61,834
Changes in:			
Accounts receivable		75,104	(12,278)
Prepaid expenses and other assets		(88,486)	71,661
Accounts payable and accrued expenses		(55,305)	52,135
Due to related parties		(50,685)	128,932
Unearned revenue		(564)	5,927
Net cash provided by operating activities	$	667,774	953,969
Supplemental schedule of cash flow information:			
Donated space revenue	$	1,549	1,549
Donated space expense	$	1,549	1,549
Capital assets financed by accounts payable	$	-	43,582

See accompanying notes to financial statements.

(1) Nature of Organization

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

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

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

(b) Accounting Pronouncements

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

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - “Fair Value Measurement and Application” provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the 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, 2016, the Auxiliary had no restricted net position.

(d) Cash and Equivalents

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

(2) Summary of Significant Accounting Policies, Continued

(e) 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.

(f) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of $1,000 or more for computer hardware and $5,000 or more for all other equipment; and $25,000 or more for building improvements. 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 and the estimated useful life of building improvements is 25 years.

(g) Investments

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

(h) Revenue Recognition

Operating revenue is recognized in the period earned and is primarily derived from agreements with third-party vendors that provide bookstore, cafeteria, vending, facility rental and other services. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as unearned revenue.

(i) Donated Space

The Auxiliary operates on the campus of the College and, utilizes office space made available to it. The cost savings associated with such arrangements are recorded as donated space and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such facilities (note 7).

(j) Functional Expenses

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

(2) Summary of Significant Accounting Policies, Continued

(k) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(l) Commissions

Bookstore, cafeteria and vending commissions represent income earned under contracts with third-party vendors who operate and maintain the campus bookstore, cafeteria, and vending services, respectively.

(m) 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.

(n) Income Taxes

The Auxiliary is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Auxiliary has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Auxiliary presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Auxiliary has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Auxiliary are subject to examination by taxing authorities.

(3) Cash and Equivalents and Investments

Custodial credit risk of deposits is the risk that the Auxiliary's deposits may not be returned in the event of a bank failure. At June 30, 2016, $556,249 of the Auxiliary's bank balance of $806,249 was exposed to custodial credit risk as such balances were not within the FDIC deposit insurance limits.

(4) Investments

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Auxiliary will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2016, the Auxiliary's entire investment portfolio balance of $404,063 was exposed to custodial credit risk, as it was uninsured and uncollateralized. The Auxiliary's investments are 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). 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.

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2016.

(4) Investments, Continued

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

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

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
CUNY investment pool	$ -	-	404,063	404,063

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
CUNY investment pool	$ -	-	406,035	406,035

The following table summarizes the activity for financial instruments classified as Level 3 in 2016:

Balance at June 30, 2015	$ 406,035
Dividends and interest income	3,376
Realized and unrealized loss	(5,348)
Balance at June 30, 2016	$ 404,063

(5) Capital Assets

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

	2016			
	Beginning balance	Additions	Disposals	Ending balance
Equipment	$ 334,260	1,818	-	336,078
Cafeteria renovations	464,300	-	-	464,300
Parking gate	211,187	-	-	211,187
Parking lot improvements	185,000	-	-	185,000
	1,194,747	1,818	-	1,196,565
Less accumulated depreciation	(638,923)	(79,074)	-	(717,997)
	$ 555,824	(77,256)	-	478,568

(5) Capital Assets, Continued

		2015			
		Beginning balance	Additions	Disposals	Ending balance
Equipment	$	208,513	125,747	-	334,260
Cafeteria renovations		464,300	-	-	464,300
Parking gate		211,187	-	-	211,187
Parking lot improvements		185,000	-	-	185,000
		1,069,000	125,747	-	1,194,747
Less accumulated depreciation		(560,212)	(78,711)	-	(638,923)
	$	508,788	47,036	-	555,824

(6) Deposits Held in Custody for Others

At June 30, 2016 and 2015, the Auxiliary held $53,983 and $149,592, respectively, which related to deposits held in custody for others, and is comprised of funds which are held on behalf of various other groups and organizations related to the College.

(7) Donated Space

The Auxiliary utilizes certain facilities provided by the College. The estimated fair values of facilities are included in the accompanying statements of revenue, expenses and changes in net position. Donated space for the years ended June 30, 2016 and 2015 amounted to $1,549.

(8) Related Party Transactions

The Auxiliary has funded various College expenses including campus ceremonies, equipment and maintenance and music expenses. These expenses are included within College support in the accompanying statements of revenue, expenses and changes in net position. College support for the years ended June 30, 2016 and 2015 amounted to $392,067 and $391,079, respectively. The Auxiliary is occasionally required to transfer funds to/from other College related entities during the course of the year for payroll reimbursement and other costs, if any.

The Auxiliary has invested $404,063 and $406,035 as of June 30, 2016 and 2015, respectively, in the CUNY investment pool (note 4) which is under the control of the Committee, a related party.

At June 30, 2016 and 2015, the Auxiliary owed $116,800 and $167,485, respectively, to other Lehman College entities. These amounts are included in due to related parties on the statements of net position.

(9) Accounting Standards Issued But Not Yet Implemented

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

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

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

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

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

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