

THE LEHMAN COLLEGE STUDENT
CHILD CARE CENTER, INC.
Financial Statements and
Supplementary Information
June 30, 2020 and 2019
(With Independent Auditors' Report Thereon)

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Lehman College Student Child Care Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Lehman College Student Child Care Center, Inc. (the Corporation) as of and for the years ended June 30, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Corporation'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 Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of The Lehman College Student Child Care Center, Inc. as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Lehman College Student Child Care Center, Inc.'s basic financial statements. The schedule of child care services expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of child care services expenses 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 child care services expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2020

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Management's Discussion and Analysis

June 30, 2020

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of The Lehman College Student Child Care Center, Inc.'s (the Corporation) financial position as of June 30, 2020, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- Operating revenue totaled \$1,360,285, a decrease of \$185,747 or 12.0% from the previous fiscal year.
- Operating expenses totaled \$1,299,268, a decrease of \$40,309 or 3.0% from the previous fiscal year.
- Total assets equaled \$1,157,326, a decrease of \$71,008 or 5.8% from the previous fiscal year.
- Total net position equaled \$1,091,523, an increase of 6.3% or \$64,895 from the previous fiscal year.

Financial Position

The Corporation's net position, the difference between assets and liabilities, is one way to measure the Corporation's financial health. Over time, increases and decreases in the Corporation's net position is one indicator of whether its financial health is improving or declining.

Statements of Net Position

The following summarizes the Corporation's assets, liabilities and net position as of June 30, 2020 and 2019, under the accrual basis of accounting:

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>1,157,326</u>	<u>1,228,334</u>	<u>(71,008)</u>	<u>(5.8%)</u>
Liabilities	<u>65,803</u>	<u>201,706</u>	<u>(135,903)</u>	<u>(67.4%)</u>
Net position:				
Net investment in capital assets	6,005	8,006	(2,001)	(25.0%)
Unrestricted	<u>1,085,518</u>	<u>1,018,622</u>	<u>66,896</u>	<u>6.6%</u>
Total net position	\$ <u>1,091,523</u>	<u>1,026,628</u>	<u>64,895</u>	<u>6.3%</u>

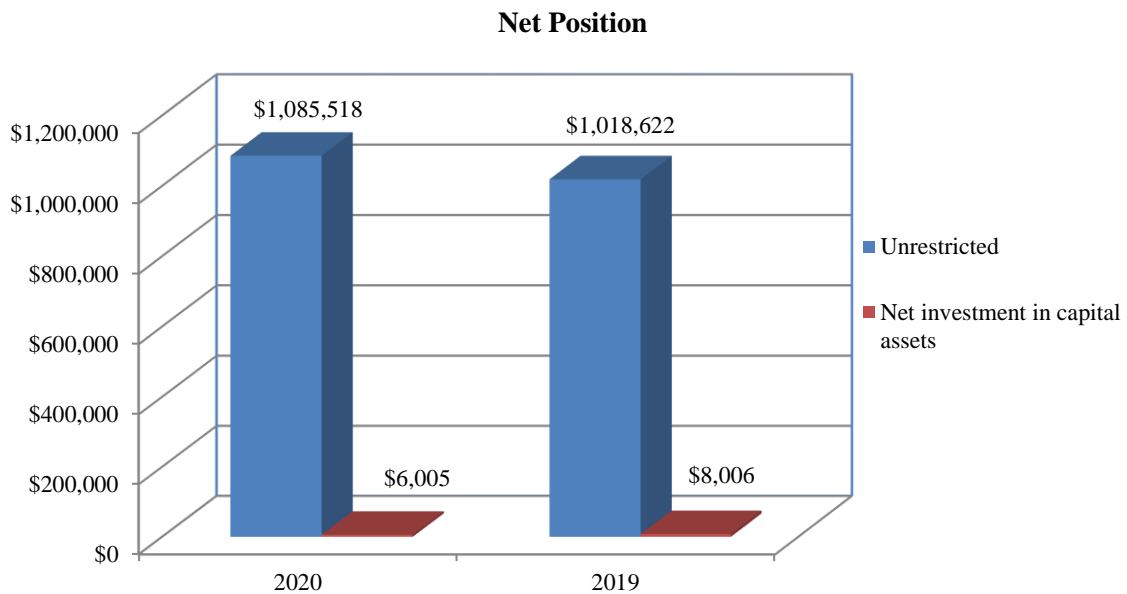
THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
Management's Discussion and Analysis, Continued

At June 30, 2020, the Corporation's total net position was \$1,091,523 compared to \$1,026,628 at June 30, 2019. This represents an increase of \$64,895 or 6.3%, from the previous fiscal year.

At June 30, 2020, the Corporation's total liabilities decreased by \$135,903 or 67.4%. This is largely due to a \$122,158 decrease in reimbursements due to Imagine Early Learning Centers, LLC at June 30, 2020 compared to the previous fiscal year.

There were no other significant or unexpected changes in the Corporation's assets and liabilities.

The following illustrates the Corporation's net position at June 30, 2020 and 2019 by category:



THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Changes in Net Position

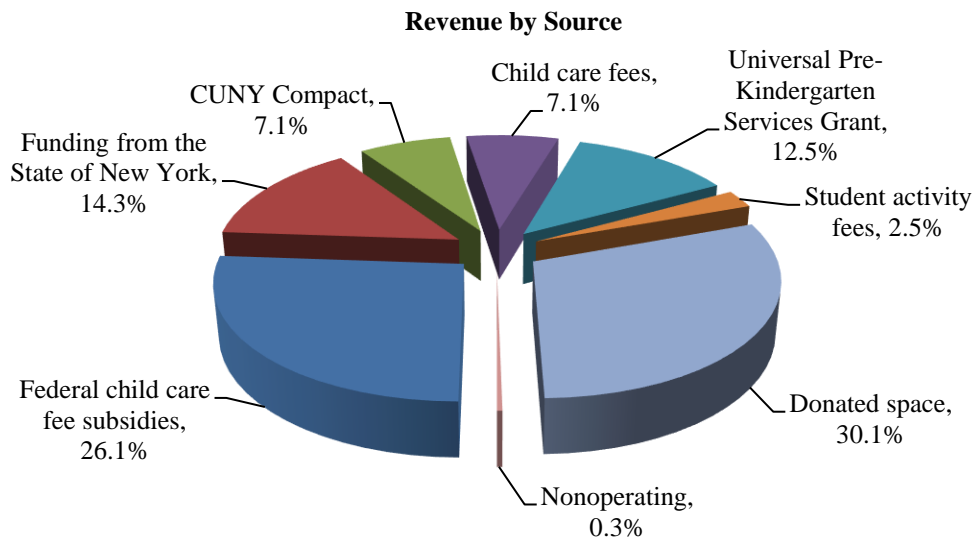
The statements of revenue, expenses and changes in net position present the operating results of the Corporation, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2020 and 2019, are as follows:

Revenue

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Federal child care fee subsidies	\$ 355,822	308,663	47,159	15.3%
Funding from the State of New York Universal Pre-Kindergarten Services Grant	170,837	167,450	3,387	2.0%
Child care fees	96,635	162,994	(66,359)	(40.7%)
CUNY Compact	96,238	97,296	(1,058)	(1.1%)
Student activity fees	33,820	37,370	(3,550)	(9.5%)
Donated space	<u>412,335</u>	<u>412,335</u>	-	-
Total operating revenue	1,360,285	1,546,032	(185,747)	(12.0%)
Nonoperating revenue	<u>3,878</u>	<u>5,033</u>	<u>(1,155)</u>	<u>(22.9%)</u>
Total revenue	\$ <u>1,364,163</u>	<u>1,551,065</u>	<u>(186,902)</u>	<u>(12.1%)</u>

The Corporation's total revenue for the year ended June 30, 2020 was \$1,364,163, a decrease of \$186,902 or 12.1% from the previous year. The major components of this were decreases in funding from the State of New York of \$165,326, due to a decline in reimbursable expenses, a decrease in child care fees of \$66,359, due to lower tuition revenues, offset by an increase in Federal child care fee subsidies of \$47,159.

The following illustrates the Corporation's revenue, by source, for the year ended June 30, 2020:



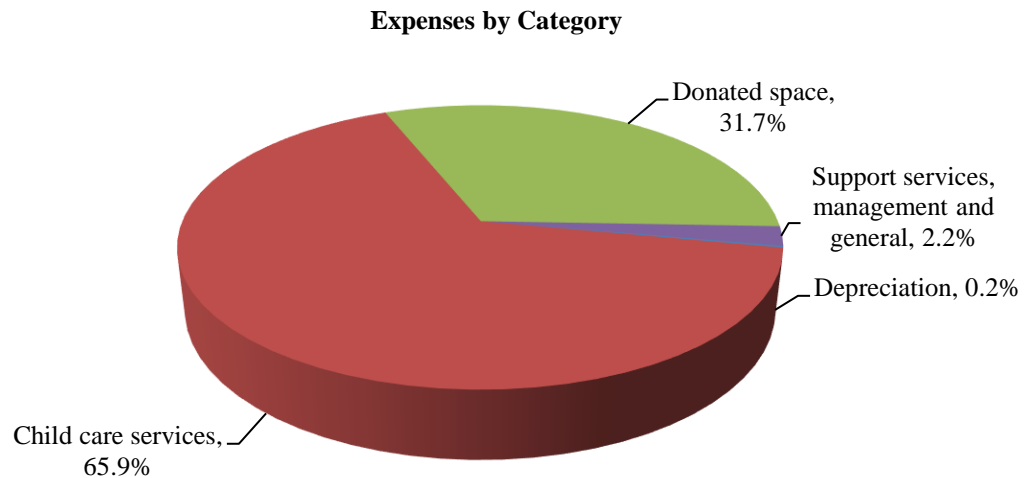
THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
Management's Discussion and Analysis, Continued

Expenses

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percentage change</u>
Operating expenses:				
Child care services	\$ 856,680	890,590	(33,910)	(3.8%)
Donated space	412,335	412,335	-	-
Support services, management and general	28,252	32,123	(3,871)	(12.1%)
Depreciation	<u>2,001</u>	<u>4,529</u>	<u>(2,528)</u>	<u>(55.8%)</u>
Total operating expenses	\$ <u>1,299,268</u>	<u>1,339,577</u>	<u>(40,309)</u>	<u>(3.0%)</u>

Total expenses for the year ended June 30, 2020 were \$1,299,268, a decrease of \$40,309 or 3.0% from the previous fiscal year. The major components of this was a decrease in child care services expenses due to lower personnel costs as a result of the COVID-19 pandemic and declines in enrollment at the center beginning in March 2020.

The following illustrates the Corporation's expenses, by category, for the year ended June 30, 2020:

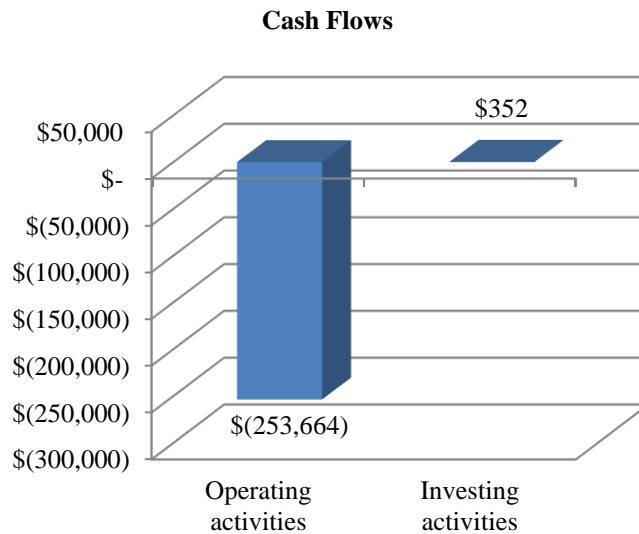


THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Management’s Discussion and Analysis, Continued

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 Corporation’s ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Corporation’s cash flows for the year ended June 30, 2020:



The Corporation’s \$253,312 decrease in cash on hand at June 30, 2020 is largely due to an increase in outstanding grant receivables at year end due to timing of these receipts. These monies are expected to be received in the early part of fiscal year 2021.

Economic Factors That May Affect the Future

The Corporation is dependent on federal grant programs, funding from New York State and other grant programs. To the extent these funding structures change the Corporation can be impacted and would need to make corresponding changes to their operations and/or the tuition rates. In addition, the Corporation receives earmarked monies from student association fees which are based on student enrollment. To the extent that enrollment changes, this could also affect their available revenue. The amount of money received from this source, however, is minimal compared to the total overall budget. In addition, operational adjustments due to the COVID-19 pandemic has continued to effect the Corporation.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
 Statements of Net Position
 June 30, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash		\$ 432,577	685,889
Investments in CUNY investment pool, short-term (notes 4 and 5)		4,339	4,163
Accounts receivable:			
Federal grant programs		324,582	270,842
Funding from New York State		194,598	144,566
Universal Pre-Kindergarten Services Grant		13,510	16,964
CUNY Compact		96,238	12,718
Due from related parties		376	322
Total accounts receivable		629,304	445,412
Prepaid expenses		2,657	5,770
Total current assets		1,068,877	1,141,234
Investments in CUNY investment pool, long-term (notes 4 and 5)		82,444	79,094
Capital assets, net (notes 2 and 6)		6,005	8,006
Total assets		1,157,326	1,228,334
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable		592	14,337
Due to Imagine Early Learning Centers, LLC (note 8)		65,211	187,369
Total liabilities		65,803	201,706
 <u>Net Position</u>			
Net investment in capital assets (notes 2 and 6)		6,005	8,006
Unrestricted		1,085,518	1,018,622
Total net position		\$ 1,091,523	1,026,628

See accompanying notes to financial statements.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Federal child care fee subsidies (note 7)	\$ 355,822	308,663
Funding from the State of New York (note 7)	194,598	359,924
Universal Pre-Kindergarten Services Grant	170,837	167,450
Child care fees	96,635	162,994
CUNY Compact	96,238	97,296
Student activity fees	33,820	37,370
Donated space (notes 2 and 9)	<u>412,335</u>	<u>412,335</u>
Total operating revenue	<u>1,360,285</u>	<u>1,546,032</u>
Operating expenses:		
Child care services (note 8)	856,680	890,590
Donated space (notes 2 and 9)	412,335	412,335
Supporting services, management and general	28,252	32,123
Depreciation (note 6)	<u>2,001</u>	<u>4,529</u>
Total operating expenses	<u>1,299,268</u>	<u>1,339,577</u>
Income from operations	<u>61,017</u>	<u>206,455</u>
Nonoperating revenue:		
Interest and dividends	1,486	1,462
Realized gain on investments	1,764	12,605
Net change in unrealized gain (loss) on investments	628	(9,358)
CUNY campaign	<u>-</u>	<u>324</u>
Total nonoperating revenue	<u>3,878</u>	<u>5,033</u>
Change in net position	64,895	211,488
Net position at beginning of year	<u>1,026,628</u>	<u>815,140</u>
Net position at end of year	<u>\$ 1,091,523</u>	<u>1,026,628</u>

See accompanying notes to financial statements.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
 Statements of Cash Flows
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Federal child care fee subsidies	\$ 302,082	211,411
Funding from the State of New York	61,045	473,788
Universal Pre-Kindergarten Services Grant	174,292	158,858
Child care fees	96,635	238,073
CUNY Compact	96,238	181,874
Cash payments for:		
Child care services	(978,838)	(802,192)
Other	(5,118)	(27,401)
Net cash provided by (used in) operating activities	<u>(253,664)</u>	<u>434,411</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>-</u>	<u>(10,008)</u>
Cash flows from investing activities:		
Interest and dividends	1,486	1,462
Income reinvested in CUNY investment pool	(1,134)	(1,188)
CUNY Campaign	<u>-</u>	<u>324</u>
Net cash provided by investing activities	<u>352</u>	<u>598</u>
Net change in cash	(253,312)	425,001
Cash at beginning of year	<u>685,889</u>	<u>260,888</u>
Cash at end of year	<u>\$ 432,577</u>	<u>685,889</u>

(Continued)

See accompanying notes to financial statements.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by (used in) operating activities:		
Income from operations	\$ 61,017	206,455
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities:		
Depreciation	2,001	4,529
Changes in:		
Accounts receivable	(183,892)	130,307
Prepaid expenses	3,113	(958)
Accounts payable	(13,745)	5,680
Due to Imagine Early Learning Centers, LLC	<u>(122,158)</u>	<u>88,398</u>
Net cash provided by (used in) operating activities	<u>\$ (253,664)</u>	<u>434,411</u>

See accompanying notes to financial statements.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(1) Nature of Organization

The Lehman College Student Child Care Center, Inc. (the Corporation) was organized to operate within the bylaws, policies and regulations of The City University of New York (CUNY) and the policies, regulations and orders of Herbert H. Lehman College (the College). The purpose of the Corporation is to provide an educational and development program for children of registered degree students at the College during times of regularly scheduled college classroom instruction in order that students with childcare responsibilities may pursue their educational programs at the College.

The Corporation was organized exclusively for charitable, educational and scientific purposes and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Although the Corporation is a separate and independent legal entity, it carries out operations which are integrally related to CUNY and, therefore, is included as a part of CUNY's financial reporting entity.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Corporation'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 Corporation 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 Corporation is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Corporation'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 Corporation to maintain them in perpetuity.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Net Position, Continued

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Corporation or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Corporation's Board of Directors.

At June 30, 2020, the Corporation had no restricted net position.

(c) Cash

Cash is comprised of highly liquid instruments with original maturities of 90 days or less.

(d) Concentration of Credit Risk

The Corporation maintains its cash on deposit in one financial institution, in an account which at times, may exceed the federally insured limit. This potentially subjects the Corporation to a concentration of credit risk. The Corporation has not experienced any losses in such account.

(e) Accounts Receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(f) Investments

The Corporation has investments held in 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. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position.

(g) Capital Assets

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

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Revenue Recognition

Revenues are recognized in the period earned. Included in revenues are childcare fees and appropriations and grants from the State of New York, the City of New York and CUNY which are received in connection with the Corporation's objective of providing childcare services.

A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Corporation's programs and activities.

(i) Donated Space

The Corporation operates on the campus of the College and utilizes facilities provided by the College. The cost savings associated with such arrangements is recorded as donated space and is recognized as revenue and expenses in the accompanying financial statements based on the fair value of such facilities (note 9).

(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.

(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) Subsequent Events

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

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) 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 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 financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Corporation's deposits may not be returned in the event of a bank failure. At June 30, 2020, \$192,046 of the Corporation's bank balance of \$442,046 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Investments

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transactions, the Corporation will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2020, the Corporation's entire investment portfolio balance of \$86,783 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

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

The Corporation's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee. Pooled investments include equity and fixed income securities. Investments as of June 30, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Investments in CUNY investment pool, short-term	\$ 4,339	4,163
Investments in CUNY investment pool, long-term	<u>82,444</u>	<u>79,094</u>
	\$ <u>86,783</u>	<u>83,257</u>

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

(5) Investments in CUNY Investment Pool and Related Investment Income, Continued

The following table summarizes the activity of investments during the years ended June 30, 2020 and 2019:

Balance at June 30, 2018	\$ 78,822
Interest and dividends	1,188
Realized gains	12,605
Unrealized loss	<u>(9,358)</u>
Balance at June 30, 2019	83,257
Interest and dividends	1,134
Realized gains	1,764
Unrealized gains	<u>628</u>
Balance at June 30, 2020	\$ <u>86,783</u>

A summary of investment income from the CUNY investment pool for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 1,134	1,188
Realized gains	1,764	12,605
Unrealized gain (loss)	<u>628</u>	<u>(9,358)</u>
Total investment income	\$ <u>3,526</u>	<u>4,435</u>

(6) Capital Assets

At June 30, 2020 and 2019, capital assets consisted of the following:

	<u>2020</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Equipment	\$ 50,998	-	-	50,998
Furniture and fixtures	220,136	-	-	220,136
Less accumulated depreciation	<u>(263,128)</u>	<u>(2,001)</u>	<u>-</u>	<u>(265,129)</u>
Capital assets, net	\$ <u>8,006</u>	<u>(2,001)</u>	<u>-</u>	<u>6,005</u>
	<u>2019</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Equipment	\$ 40,990	10,008	-	50,998
Furniture and fixtures	220,136	-	-	220,136
Less accumulated depreciation	<u>(258,599)</u>	<u>(4,529)</u>	<u>-</u>	<u>(263,128)</u>
Capital assets, net	\$ <u>2,527</u>	<u>5,479</u>	<u>-</u>	<u>8,006</u>

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

(7) Federal and State Funding

CUNY is eligible to receive a portion of Child Care Federal Funds for the purpose of increasing the availability, affordability and quality of childcare. The grant is intended to provide funding to all functions and support services that are traditionally associated with childcare programs and to facilitate the expansion of childcare to student parents. The Corporation's allocations of grant funds for the years ended June 30, 2020 and 2019 amounted to \$355,822 and \$308,663, respectively. Grant amounts represent tuition subsidies to eligible students and are reported in the statements of revenue, expenses and changes in net position.

In addition, the Corporation was allocated \$194,598 and \$359,924 during the years ended June 30, 2020 and 2019, respectively, from the State of New York through tax levy appropriations for the provision of childcare services at senior and community colleges.

(8) Child Care Services

The Corporation has engaged Imagine Early Learning Centers, LLC (Imagine) to provide childcare services to children of students at the College through June 30, 2020. For the years ended June 30, 2020 and 2019, childcare services expense totaled \$856,680 and \$890,590, respectively, of which \$65,211 and \$187,369 was payable to Imagine at June 30, 2020 and 2019, respectively.

On June 29, 2017, the Corporation's contract with Imagine was amended to incorporate the receipt of earmarked student activity fee revenue for childcare purposes. This earmark was approved by the Board of Trustees on June 29, 2016 and was effective with the Fall 2016 semester. That contract was renewed again on May 14, 2019 and was effective through June 30, 2020.

(9) Donated Space

The Corporation utilizes certain facilities provided by the College. The estimated fair value of facilities are included in the accompanying statements of revenue, expenses and changes in net position. Donated facilities for the years ended June 30, 2020 and 2019 amounted to \$412,335.

(10) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

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

- GASB Statement No. 84 - “Fiduciary Activities.” This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. 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 Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 87 - “Leases.” This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 89 - “Accounting for Interest Cost Incurred Before the End of a Construction Period.” This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning July 1, 2022 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.

Notes to Financial Statements, Continued

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

- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.
- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Corporation. This Statement is not expected to have a material effect on the financial statements of the Corporation.

THE LEHMAN COLLEGE STUDENT CHILD CARE CENTER, INC.
Supplemental Information
Schedule of Child Care Services Expenses
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating expenses:		
Personnel services:		
Executive director	\$ 30,000	30,651
Associate director	108,683	104,923
Head teachers	191,269	213,184
Assistant teachers	283,340	280,688
Employee benefits and payroll fees	<u>157,464</u>	<u>161,258</u>
Total personnel expenses	<u>770,756</u>	<u>790,704</u>
Other than personnel services:		
Management fee	22,000	22,000
Snacks/consumables	4,217	3,643
Staff development	8,914	9,889
Professional fee	7,038	6,700
Liability insurance	6,672	7,977
Classroom materials	8,000	7,626
Meals	21,201	27,895
Program enhancements	3,433	4,614
Family engagement	1,412	1,983
Maintenance and repairs	1,316	1,490
Office supplies	943	3,399
Miscellaneous	<u>778</u>	<u>2,670</u>
Total other than personnel services	<u>85,924</u>	<u>99,886</u>
Total child care services expenses	<u>\$ 856,680</u>	<u>890,590</u>