EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Eugenio Maria De Hostos Community
College Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Eugenio Maria De Hostos Community College Association, Inc. (the Association) as of and for the years ended June 30, 2018 and 2017, and the related notes to financial statements, which collectively comprise the Association'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 Association'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 Association'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 Eugenio Maria De Hostos Community College Association, Inc. as of June 30, 2018 and 2017, 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2018

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2018

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 Association, Inc.'s (the Association) financial position as of June 30, 2018, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Association's net position increased by $80,290 or 19%.
- Operating revenue decreased by $12,659 or 1%.
- Operating expenses decreased by $88,250 or 9%.

Financial Position

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

Statements of Net Position

The following summarizes the Association's assets, liabilities and net position as of June 30, 2018 and 2017, under the accrual basis of accounting:

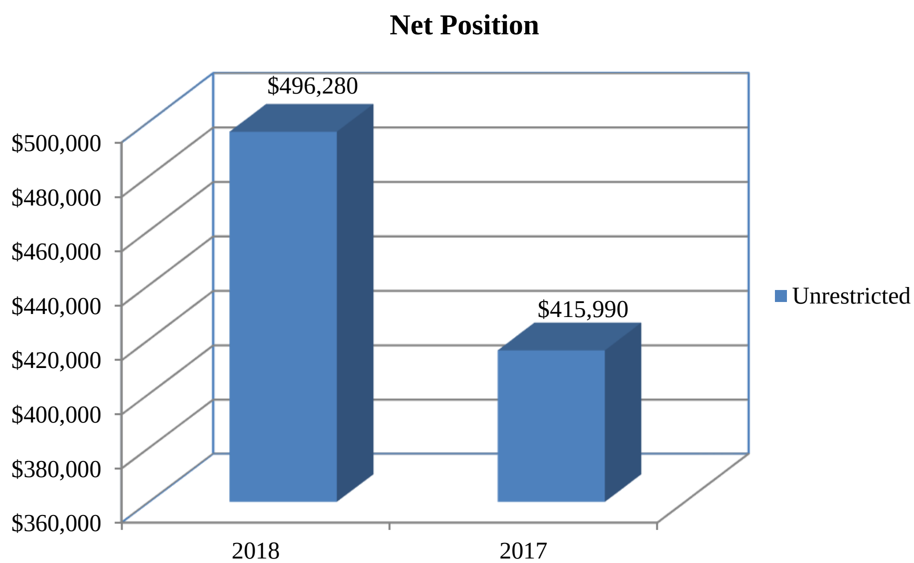
	2018	2017	Dollar change	Percent change
Assets:				
Current assets	$ 581,616	506,226	75,390	15%
Noncurrent assets - investments	114,677	107,702	6,975	6%
Total assets	696,293	613,928	82,365	13%
Current liabilities	200,013	197,938	2,075	1%
Unrestricted net position	$ 496,280	415,990	80,290	19%

At June 30, 2018, the Association's total net position increased by $80,290 or 19%, compared to the previous year. The majority of this variance was related to an increase in cash and equivalents of $99,749, an increase in due from related entities of $21,149 and a decrease in due to related entities of $30,976 offset by a decrease in accounts receivable of $40,718, an increase in accounts payable and accrued expenses of $10,446 and an increase in unearned revenue of $22,605.

At June 30, 2018, the Association's total current liabilities increased by $2,075 or 1%, compared to the previous year. The majority of this variance was related to an increase in accounts payable and accrued expenses of $10,446, an increase in unearned revenue of $22,605 and a decrease in due to related entities of $30,976.

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

The following illustrates the Association's net position at June 30, 2018 and 2017 by category:



Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Association, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2018 and 2017 are as follows:

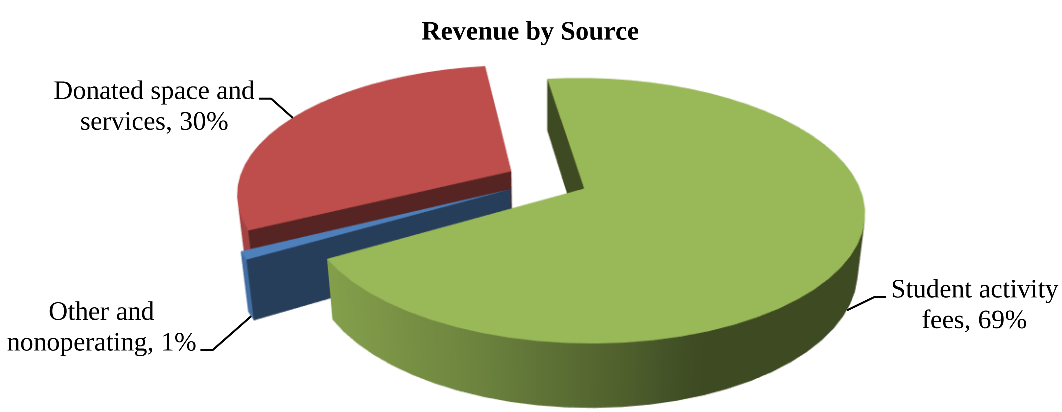
Revenue

	2018	2017	Dollar change	Percent change
Operating revenue:				
Student activity fees	$ 708,044	723,319	(15,275)	(2%)
Donated space and services	310,794	307,787	3,007	1%
Other	214	605	(391)	(65%)
Total operating revenue	1,019,052	1,031,711	(12,659)	(1%)
Nonoperating revenue - net appreciation of investments and other	7,385	12,543	(5,158)	(41%)
Total revenue	$ 1,026,437	1,044,254	(17,817)	(2%)

The Association's total revenue for the year ended June 30, 2018 amounted to $1,026,437, a decrease of $17,817 or 2%, compared to the previous year. The components of this variance are related to an increase in donated space and services of $3,007 offset buy a decrease in investment income and other of $5,158 and a decrease in student activity fees of $15,275.

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

The following illustrates the Association's revenue, by source, for the year ended June 30, 2018:



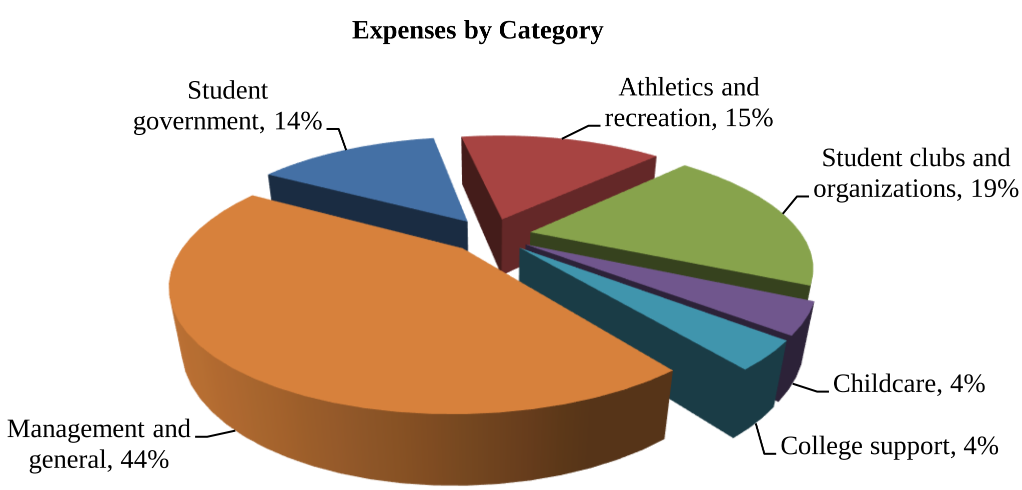
Expenses

		2018	2017	Dollar change	Percent change
Operating expenses:					
Student government	$	129,283	132,527	(3,244)	(2%)
Athletics and recreation		144,760	225,887	(81,127)	(36%)
Student clubs and organizations		184,000	205,419	(21,419)	(10%)
Childcare		42,648	43,852	(1,204)	(3%)
Management and general		411,731	392,987	18,744	5%
Total operating expenses		912,422	1,000,672	(88,250)	(9%)
Nonoperating expenses - College support		33,725	67,029	(33,304)	(50%)
Total expenses	$	946,147	1,067,701	(121,554)	(11%)

Total expenses for the year ended June 30, 2018 were $946,147, a decrease of $121,554 or 11%, compared to the previous year. The majority of this variance was related to a decrease in athletics and recreation, student clubs and organizations and nonoperating expenses of $81,127, $21,419 and $33,304, respectively, offset by an increase in management and general of $18,744.

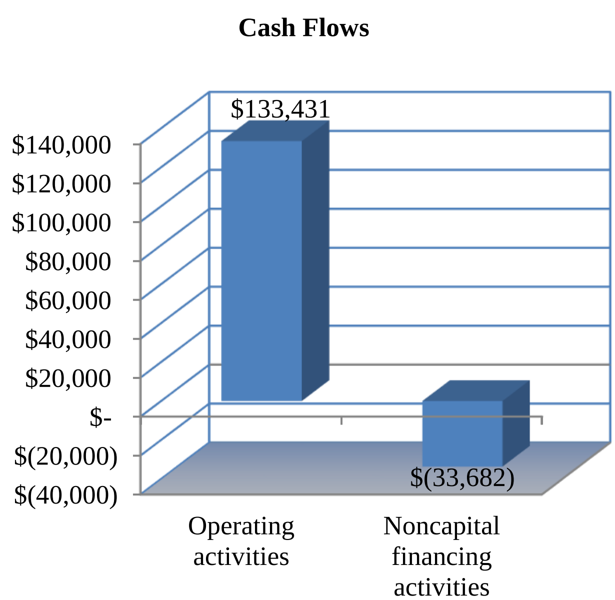
There were no other significant or unexpected changes in the Association's expenses.

The following illustrates the Association's expenses, by category, for the year ended June 30, 2018:



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 Association's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2018:



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 ASSOCIATION, INC.
Statements of Net Position
June 30, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and equivalents	$ 310,216	210,467
Investments in CUNY investment pool, short-term	6,036	5,669
Accounts receivable	154,287	195,005
Due from related entities	109,095	87,946
Prepaid expenses	1,982	7,139
Total current assets	581,616	506,226
Noncurrent assets - investments in CUNY investment pool, long-term	114,677	107,702
Total assets	696,293	613,928
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	60,696	50,250
Due to related entities	30,299	61,275
Unearned revenue	109,018	86,413
Total current liabilities	200,013	197,938
Net Position		
Unrestricted:		
Undesignated	384,326	304,036
Board designated	111,954	111,954
Total unrestricted	$ 496,280	415,990

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2018 and 2017

	2018	2017
Operating revenue:		
Student activity fees	$ 708,044	723,319
Donated space and services	310,794	307,787
Other	214	605
Total operating revenue	1,019,052	1,031,711
Operating expenses:		
Student government	129,283	132,527
Athletics and recreation	144,760	225,887
Student clubs and organizations	184,000	205,419
Childcare	42,648	43,852
Management and general	411,731	392,987
Total operating expenses	912,422	1,000,672
Income from operations	106,630	31,039
Nonoperating revenue (expenses):		
Other	43	71
Net appreciation of investments	7,342	12,243
College support	(33,725)	(66,800)
Total nonoperating expenses, net	(26,340)	(54,486)
Increase (decrease) in net position	80,290	(23,447)
Net position at beginning of year	415,990	439,437
Net position at end of year	$ 496,280	415,990

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	$ 693,210	650,312
Other	214	605
Cash payments to/for:		
Payroll	(62,518)	(168,026)
Student activities	(287,049)	(233,815)
Vendors	(210,426)	(167,936)
Net cash provided by operating activities	133,431	81,140
Cash flows from noncapital financing activities:		
Other	43	71
College support	(33,725)	(66,800)
Net cash used in noncapital financing activities	(33,682)	(66,729)
Cash flows from investing activities:		
Interest and dividends	513	257
Purchases of investments	(513)	(257)
Net cash provided by investing activities	-	-
Net increase in cash and equivalents	99,749	14,411
Cash and equivalents at beginning of year	210,467	196,056
Cash and equivalents at end of year	$ 310,216	210,467
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	106,630	31,039
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Bad debt expense	78,157	67,518
Changes in:		
Accounts receivable	(37,439)	(97,451)
Due from related entities	(21,149)	5,880
Prepaid expenses	5,157	(128)
Accounts payable and accrued expenses	10,446	14,741
Due to related entities	(30,976)	35,097
Unearned revenue	22,605	24,444
Net cash provided by operating activities	$ 133,431	81,140

(Continued)

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.
Statements of Cash Flows, Continued

	2018	2017
Supplemental schedule of cash flow information:		
Donated space and services	$ 310,794	307,787
Donated facilities expense	255,600	255,600
Donated professional services expense	55,194	52,187
	$ 310,794	307,787

See accompanying notes to financial statements.

(1) Nature of Organization

The Eugenio Maria De Hostos Community College Association, Inc. (the Association) 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). The Association's revenue is derived primarily from student activity fees levied by a resolution of the Board of Directors of the University and collected by the College on the Association's behalf. The Association was incorporated in 1976.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Net Position

The Association'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 Association 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 Association or the passage of time.

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

At June 30, 2018, the Association only had unrestricted net position.

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents

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

(d) 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.

(e) Investments

The Association's investments are held by CUNY in an investment pool which is under the control of the Committee of 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.

(f) Revenue Recognition

Student activity fees are recognized in the period earned. Student activity fees and other funds collected prior to year-end, if any, relating, to the summer and fall semesters of the subsequent year, are recorded as unearned revenue. At June 30, 2018 and 2017 the Association had $109,018 and $86,413, respectively, in student activity fees relating to the subsequent year.

(g) Donated Space and Services

The Association operates on the campus of the College and utilizes facilities and equipment as well as professional services of certain College employees. 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 services (note 5).

(h) 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

(i) 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.

(j) Subsequent Events

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

(k) Income Taxes

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

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Association's deposits may not be returned in the event of a bank failure. At June 30, 2018, $161,454 of the Association's bank balance of $411,454 was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Association does not have a deposit policy.

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

The Association's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY. Pooled investments include equity and fixed income securities. Investments as of June 30, 2018 and 2017 are comprised of the following:

	2018	2017
Investments in CUNY investment pool, short-term	$ 6,036	5,669
Investments in CUNY investment pool, long-term	114,677	107,702
Total investments in CUNY investment pool	$ 120,713	113,371

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

The following table summarizes the activity for financial instruments in 2018 and 2017:

Balance at July 1, 2016	$ 101,128
Dividends and interest income	257
Realized and unrealized gains	11,986
Balance at June 30, 2017	113,371
Dividends and interest income	513
Realized and unrealized gains	6,829
Balance at June 30, 2018	$ 120,713

A summary for investment gains for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Dividends and interest income	$ 513	257
Realized gains	1,752	1,142
Unrealized gains	5,077	10,844
Total investment gains	$ 7,342	12,243

(5) Donated Space and Services

The Association utilizes certain facilities and professional services provided by the College. The estimated fair values of facilities and professional services are included in the accompanying statements of revenue, expenses and changes in net position. Facilities and professional services for the years ended June 30, 2018 and 2017 amounted to the following:

	2018	2017
Facilities	$ 255,600	255,600
Professional services	55,194	52,187
	$ 310,794	307,787

(6) Related Party Transactions

At June 30, 2018 and 2017, the Association owed $30,299 and $61,275, respectively, to other College entities. The Association 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. In addition, at June 30, 2018 and 2017, the Association was owed $109,095 and $87,946, respectively, from other College entities.

(7) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - “Certain Asset Retirement Obligations.” This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 84 - “Fiduciary Activities.” This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 87 - “Leases.” This Statement, issued in June 2017, increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 88 - “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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

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, 2019, which is the fiscal year beginning July 1, 2020 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.