EUGENIO MARIA DE HOSTOS COMMUNITY COLLEGE ASSOCIATION, INC.

Financial Statements and
Supplementary Information

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.

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EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

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, 2019 and 2018, 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, 2019 and 2018, 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 2, 2019

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2019

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, 2019, 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 decreased by $133,871 or 27%.
- Operating revenue decreased by $38,972 or 4%.
- Operating expenses increased by $94,384 or 10%.

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, 2019 and 2018, under the accrual basis of accounting:

	2019	2018	Dollar change	Percent change
Assets:				
Current assets	$ 580,315	581,616	(1,301)	(1%)
Noncurrent assets - investments	121,131	114,677	6,454	6%
Total assets	701,446	696,293	5,153	1%
Liabilities	339,037	200,013	139,024	70%
Unrestricted net position	$ 362,409	496,280	(133,871)	(27%)

At June 30, 2019, the Association's total net position decreased by $133,871 or 27%, compared to the previous year. The decrease was mainly due to the results of operations as reflected in the statements of revenue, expenses and changes in net position below.

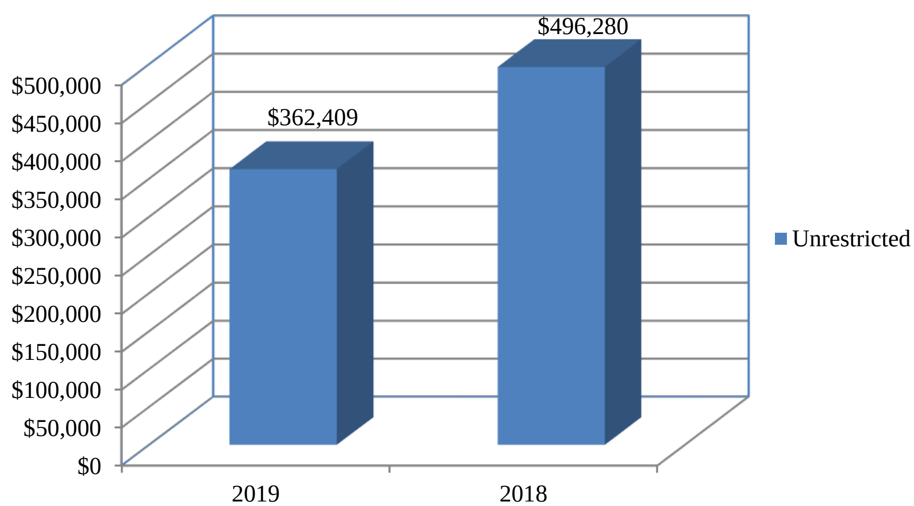
At June 30, 2019, the Association's total assets increased by $5,153 or 1%, compared to the previous year. The variance was primarily related to an increase in cash and equivalents of $19,381, an increase in due from related entities of $25,681, an increase in prepaid expenses of $6,644 and an increase in investments of $6,793 offset by a decrease in accounts receivable of $53,346.

At June 30, 2019, the Association's total liabilities increased by $139,024 or 70%, compared to the previous year. The majority of this variance was related to an increase in accounts payable and accrued expenses of $13,786, an increase in unearned revenue of $27,498 and an increase in due to related entities of $97,740.

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, 2019 and 2018 by category:

Net Position



Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Association, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2019 and 2018 are as follows:

Revenue

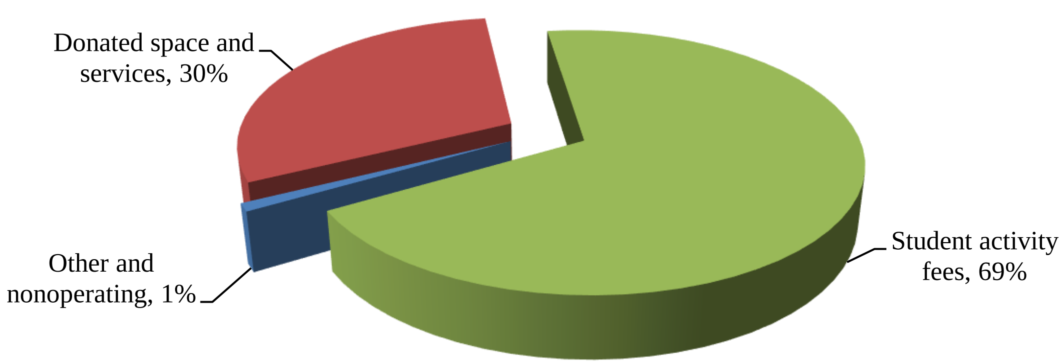
	2019	2018	Dollar change	Percent change
Operating revenue:				
Student activity fees	$ 685,039	708,044	(23,005)	(3%)
Donated space and services	291,707	310,794	(19,087)	(6%)
Other	3,334	214	3,120	1,458%
Total operating revenue	980,080	1,019,052	(38,972)	(4%)
Nonoperating revenue - net appreciation of investments and other	6,793	7,385	(592)	(8%)
Total revenue	$ 986,873	1,026,437	(39,564)	(4%)

The Association's total revenue for the year ended June 30, 2019 amounted to $986,873, a decrease of $39,564 or 4%, compared to the previous year. The components of this variance are primarily related to a decrease in donated space and services of $19,087 and a decrease in student activity fees of $23,005.

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, 2019:

Revenue by Source



Expenses

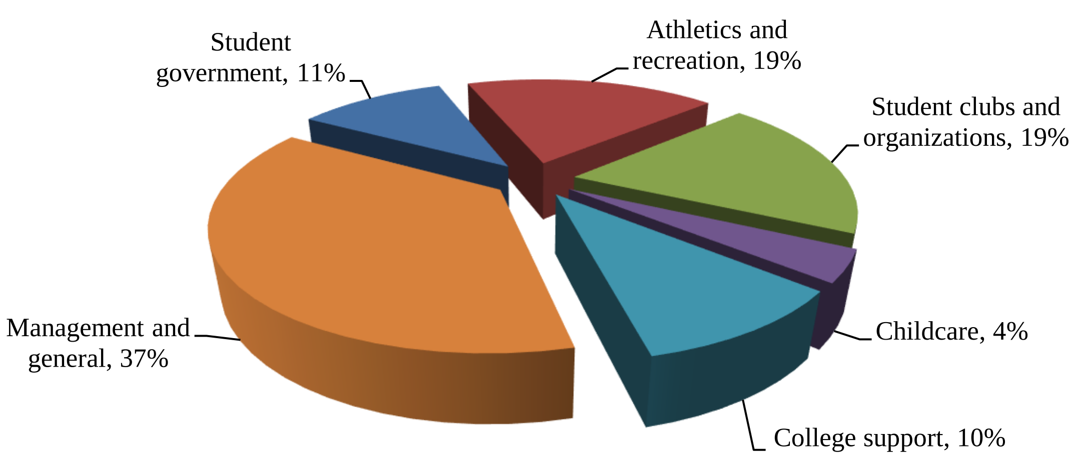
	2019	2018	Dollar change	Percent change
Operating expenses:				
Student government	$ 127,063	129,283	(2,220)	(2%)
Athletics and recreation	210,250	144,760	65,490	45%
Student clubs and organizations	207,951	184,000	23,951	13%
Childcare	40,562	42,648	(2,086)	(5%)
Management and general	420,980	411,731	9,249	2%
Total operating expenses	1,006,806	912,422	94,384	10%
Nonoperating expenses - College support	113,781	33,725	80,056	237%
Total expenses	$ 1,120,587	946,147	174,440	18%

Total expenses for the year ended June 30, 2019 were $1,120,587, an increase of $174,440 or 18%, compared to the previous year. The majority of this variance was primarily related to an increase in athletics and recreation of $65,490 and an increase in College support of $80,056.

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

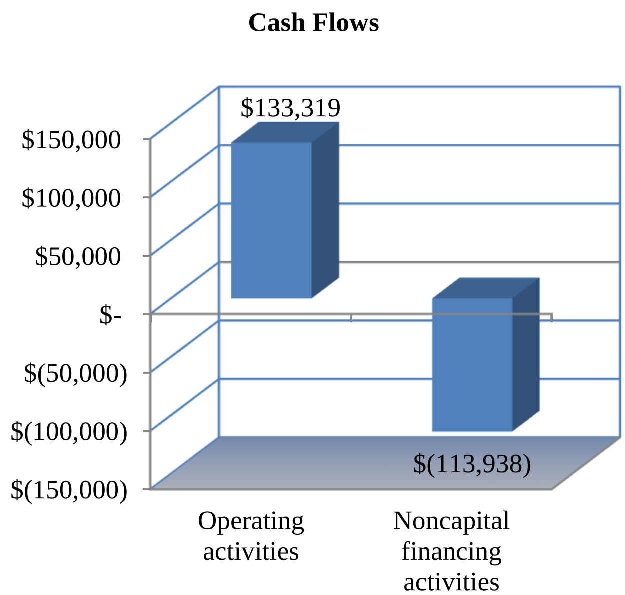
The following illustrates the Association's expenses, by category, for the year ended June 30, 2019:

Expenses by Category



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, 2019:



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, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and equivalents	$ 329,597	310,216
Investments in CUNY investment pool, short-term	6,375	6,036
Accounts receivable	100,941	154,287
Due from related entities	134,776	109,095
Prepaid expenses	8,626	1,982
Total current assets	580,315	581,616
Noncurrent assets - investments in CUNY investment pool, long-term	121,131	114,677
Total assets	701,446	696,293
Liabilities		
Accounts payable and accrued expenses	74,482	60,696
Due to related entities	128,039	30,299
Unearned revenue	136,516	109,018
Total liabilities	339,037	200,013
Net Position		
Unrestricted:		
Undesignated	324,758	384,326
Board designated	37,651	111,954
Total unrestricted	$ 362,409	496,280

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, 2019 and 2018

	2019	2018
Operating revenue:		
Student activity fees	$ 685,039	708,044
Donated space and services	291,707	310,794
Other	3,334	214
Total operating revenue	980,080	1,019,052
Operating expenses:		
Student government	127,063	129,283
Athletics and recreation	210,250	144,760
Student clubs and organizations	207,951	184,000
Childcare	40,562	42,648
Management and general	420,980	411,731
Total operating expenses	1,006,806	912,422
Income (loss) from operations	(26,726)	106,630
Nonoperating revenue (expenses):		
Other	(157)	43
Investment income	6,793	7,342
College support	(113,781)	(33,725)
Total nonoperating expenses, net	(107,145)	(26,340)
Change in net position	(133,871)	80,290
Net position at beginning of year	496,280	415,990
Net position at end of year	$ 362,409	496,280

See accompanying notes to financial statements.

EUGENIO MARIA DE HOSTOS
COMMUNITY COLLEGE ASSOCIATION, INC.
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	$ 676,339	693,210
Other	3,334	214
Cash payments to/for:		
Payroll	(89,860)	(62,518)
Student activities	(217,881)	(287,049)
Vendors	(238,613)	(210,426)
Net cash provided by operating activities	133,319	133,431
Cash flows from noncapital financing activities:		
Other	(157)	43
College support	(113,781)	(33,725)
Net cash used in noncapital financing activities	(113,938)	(33,682)
Cash flows from investing activities:		
Interest and dividends	1,820	513
Purchases of investments	(1,820)	(513)
Net cash provided by investing activities	-	-
Net change in cash and equivalents	19,381	99,749
Cash and equivalents at beginning of year	310,216	210,467
Cash and equivalents at end of year	$ 329,597	310,216
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	(26,726)	106,630
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Bad debt expense	89,544	78,157
Changes in:		
Accounts receivable	(36,198)	(37,439)
Due from related entities	(25,681)	(21,149)
Prepaid expenses	(6,644)	5,157
Accounts payable and accrued expenses	13,786	10,446
Due to related entities	97,740	(30,976)
Unearned revenue	27,498	22,605
Net cash provided by operating activities	$ 133,319	133,431

(Continued)

See accompanying notes to financial statements.

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

	2019	2018
Supplemental schedule of cash flow information:		
Donated space and services	$ 291,707	310,794
Donated facilities expense	255,600	255,600
Donated professional services expense	36,107	55,194
	$ 291,707	310,794

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, 2019, 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, 2019 and 2018 the Association had $136,516 and $109,018, 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, 2019, $195,211 of the Association's bank balance of $445,211 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, 2019 and 2018 are comprised of the following:

	2019	2018
Investments in CUNY investment pool, short-term	$ 6,375	6,036
Investments in CUNY investment pool, long-term	121,131	114,677
Total investments in CUNY investment pool	$ 127,506	120,713

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

The following table summarizes the activity for financial instruments in 2019 and 2018:

Balance at July 1, 2017	$ 113,371
Dividends and interest income	513
Realized and unrealized gains	6,829
Balance at June 30, 2018	120,713
Dividends and interest income	1,820
Realized and unrealized gains, net	4,973
Balance at June 30, 2019	$ 127,506

A summary for investment gains for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Dividends and interest income	$ 1,820	513
Realized gains	19,304	1,752
Unrealized gains (losses)	(14,331)	5,077
Total investment gains	$ 6,793	7,342

(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, 2019 and 2018 amounted to the following:

	2019	2018
Facilities	$ 255,600	255,600
Professional services	36,107	55,194
	$ 291,707	310,794

(6) Related Party Transactions

At June 30, 2019 and 2018, the Association owed $123,579 and $30,299, 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, 2019 and 2018, the Association was owed $134,776 and $109,095, respectively, from other College entities.

(7) Accounting Standards Issued But Not Yet Implemented

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. 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.

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

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, 2020, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.