

**AUXILIARY SERVICES CORPORATION
OF SUNY CORTLAND**

FINANCIAL REPORT

**For the Years Ended
June 30, 2021 and 2020**



AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	8-19

Supplementary Financial Information

Statements of Activities	20
Statements of Activities Food Service	21
Statements of Activities Campus Store	22
Statements of Activities Ancillary Services	23
College Program Expenses	24
Miscellaneous Revenue	25
Administrative Office Expenses	26
Agency Account Activity	27



INDEPENDENT AUDITORS' REPORT

Board of Directors
Auxiliary Services Corporation of SUNY Cortland
Cortland, New York

We have audited the accompanying financial statements of Auxiliary Services Corporation of SUNY Cortland (the Corporation), a New York State nonprofit corporation, which comprise the Statements of Financial Position as of June 30, 2021 and 2020, and the related Statements of Activities, Changes in Net Assets, and Cash Flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 of 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 auditors' 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 financial position of Auxiliary Services Corporation of SUNY Cortland, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedules on pages 20-27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 27, 2021

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF FINANCIAL POSITION JUNE 30,

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,133,524	\$ 5,494,432
Cash Held for Others - Agency	1,137,912	1,072,623
Accounts Receivable, Net of Allowance	247,637	399,823
Student Loans - Agency Accounts Receivable	22,367	12,744
Inventories	862,088	950,111
Prepaid Expenses	313,631	147,831
Other Assets	10,905	10,905
Total Current Assets	4,728,064	8,088,469
Investments	2,951,223	2,339,608
Fixed Assets	24,699,033	24,546,141
Less: Accumulated Depreciation	(13,279,223)	(12,454,587)
Total Fixed Assets	11,419,810	12,091,554
Total Assets	\$ 19,099,097	\$ 22,519,631
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 407,617	\$ 365,633
Postretirement Benefit Obligation and Pension	112,560	109,200
Accrued Expenses	352,279	351,496
Current Portion of Promises to Give	280,000	280,000
Current Portion of Notes Payable	-	728,169
Deposits Held for Others - Agency	1,137,912	1,072,623
Collections Received in Advance	93,616	87,605
Total Current Liabilities	2,383,984	2,994,726
Long-Term Liabilities		
Postretirement Benefit Obligation and Pension	974,709	1,079,501
Long-Term Portion of Notes Payable	-	890,531
Long-Term Portion of Promises to Give	-	280,000
Total Long-Term Liabilities	974,709	2,250,032
Total Liabilities	3,358,693	5,244,758
Net Assets Without Donor Restrictions		
Designated for Working Capital	1,464,444	1,635,233
Designated for Capital Assets	11,419,810	12,091,554
Designated for Equipment Replacement Reserve	2,669,414	2,526,967
Designated for Uninsured Losses	200,000	200,000
Designated for SUNY Cortland Emergency Operating Reserve	63,703	63,703
Undesignated	(76,967)	757,416
Total Net Assets Without Donor Restrictions	15,740,404	17,274,873
Total Liabilities and Net Assets	\$ 19,099,097	\$ 22,519,631

See Notes to Financial Statements

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	Food Services	Campus Store	Ancillary Services	Total
Operating Revenue				
Sales	\$ 9,431,155	\$ 2,407,916	\$ 286,924	\$ 12,125,995
Other Income - Commissions on Sales	17,822	25,887	15,591	59,300
Total Operating Revenues	9,448,977	2,433,803	302,515	12,185,295
Cost of Goods Sold				
Beginning Inventory	153,498	785,031	11,582	950,111
Purchases	1,813,586	1,678,394	33,767	3,525,747
Less: Ending Inventory	(98,331)	(744,784)	(18,973)	(862,088)
Total Cost of Goods Sold	1,868,753	1,718,641	26,376	3,613,770
Gross Margin on Sales	7,580,224	715,162	276,139	8,571,525
Operating Expenses				
Direct				
Salaries and Wages	4,177,288	360,223	59,610	4,597,121
Employee Benefits	2,113,795	155,963	21,081	2,290,839
Depreciation and Amortization	728,109	21,489	20,803	770,401
Utilities	895,368	145,116	41,976	1,082,460
Supplies and Materials	655,539	38,025	12,584	706,148
Contracted Services	211,788	83,728	4,722	300,238
Other Direct Operating Expenses	300,601	32,124	106,975	439,700
Total Direct Expenses	9,082,488	836,668	267,751	10,186,907
Administrative Expenses	1,574,449	367,374	42,286	1,984,109
Total Operating Expenses	10,656,937	1,204,042	310,037	12,171,016
Change in Net Assets From Operations	\$ (3,076,713)	\$ (488,880)	\$ (33,898)	(3,599,491)
				674,252
				Change in Net Assets Before PPP Loan Forgiveness, Other Program Expenses, and Contribution to SUNY Cortland College Foundation (2,925,239)
				PPP Loan Forgiveness 1,618,700
				Other College Program Expenses (204,930)
				Contribution to SUNY Cortland College Foundation (23,000)
				Change in Net Assets (1,534,469)
				Net Assets at the Beginning of Year 17,274,873
				Net Assets at the End of Year \$ 15,740,404

See Notes to Financial Statements

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	Food Services	Campus Store	Ancillary Services	Total
Operating Revenue				
Sales	\$ 12,728,554	\$ 3,055,537	\$ 648,898	\$ 16,432,989
Other Income - Commissions on Sales	33,521	26,604	54,381	114,506
Total Operating Revenues	12,762,075	3,082,141	703,279	16,547,495
Cost of Goods Sold				
Beginning Inventory	152,255	805,740	14,437	972,432
Purchases	2,671,155	2,101,042	82,073	4,854,270
Less: Ending Inventory	(153,498)	(785,031)	(11,582)	(950,111)
Total Cost of Goods Sold	2,669,912	2,121,751	84,928	4,876,591
Gross Margin on Sales	10,092,163	960,390	618,351	11,670,904
Operating Expenses				
Direct				
Salaries and Wages	4,441,986	382,046	134,546	4,958,578
Employee Benefits	2,185,140	174,288	54,856	2,414,284
Depreciation and Amortization	765,472	51,906	23,039	840,417
Utilities	766,605	124,600	49,230	940,435
Supplies and Materials	468,195	9,466	18,071	495,732
Contracted Services	130,860	108,304	5,436	244,600
Other Direct Operating Expenses	420,367	30,563	132,618	583,548
Total Direct Expenses	9,178,625	881,173	417,796	10,477,594
Administrative Expenses	1,712,475	434,014	72,659	2,219,148
Total Operating Expenses	10,891,100	1,315,187	490,455	12,696,742
Change in Net Assets From Operations	\$ (798,937)	\$ (354,797)	\$ 127,896	(1,025,838)
				155,917
				(869,921)
				(502,689)
				(850,000)
				(2,222,610)
				19,497,483
				\$ 17,274,873

See Notes to Financial Statements

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Balance - June 30, 2019	\$ 19,497,483
Change in Net Assets Before Other Program Expenses and Contribution to SUNY Cortland College Foundation	(869,921)
Other College Program Expenses	(502,689)
Contribution to SUNY Cortland College Foundation	<u>(850,000)</u>
Change in Net Assets	<u>(2,222,610)</u>
Balance - June 30, 2020	<u>17,274,873</u>
Change in Net Assets Before PPP Loan Forgiveness, Other Program Expenses and Contribution to SUNY Cortland College Foundation	(2,925,239)
PPP Loan Forgiveness	1,618,700
Other College Program Expenses	(204,930)
Contribution to SUNY Cortland College Foundation	<u>(23,000)</u>
Change in Net Assets	<u>(1,534,469)</u>
Balance - June 30, 2021	<u><u>\$ 15,740,404</u></u>

See Notes to Financial Statements

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	2021	2020
Cash Flows From Operating Activities		
Receipts		
Food Service Activities Receipts	\$ 9,662,341	\$ 12,884,739
Campus Store Activities Receipts	2,464,427	3,104,995
Ancillary Service Activities Receipts	295,124	706,134
Interest and Other Receipts	66,097	131,087
Total Receipts	12,487,989	16,826,955
Disbursements		
Salaries and Wages Payments	(4,596,338)	(5,176,111)
Employee Benefits Payments	(2,392,271)	(2,402,887)
Payments to Suppliers/Vendors	(8,178,152)	(8,923,625)
Other Payments - Program Expenses	(204,930)	(502,689)
Other Payments - Contributions	(303,000)	(1,140,000)
Total Disbursements	(15,674,691)	(18,145,312)
Net Cash Provided (Used) by Operating Activities	(3,186,702)	(1,318,357)
Cash Flows From Investing Activities		
Purchases of Land, Building, and Equipment	(181,143)	(783,606)
Proceeds from Sale of Land, Building, and Equipment	6,937	135,902
Net Cash Provided (Used) by Investing Activities	(174,206)	(647,704)
Cash Flows From Financing Activities		
Proceeds from Notes Payable	-	1,618,700
Net Cash Provided (Used) by Financing Activities	-	1,618,700
Change in Cash and Cash Equivalents	(3,360,908)	(347,361)
Cash and Cash Equivalents - Beginning of Year	5,494,432	5,841,793
Cash and Cash Equivalents - End of Year	\$ 2,133,524	\$ 5,494,432
Supplemental Non-cash Disclosures		
Notes Payable Forgiven	\$ 1,618,700	\$ -

See Notes to Financial Statements

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 1 Summary of Significant Accounting Policies

The Corporation

Auxiliary Services Corporation of SUNY Cortland (the Corporation) provides auxiliary enterprise services for the State University College at Cortland, New York (the College). The primary program activities include campus dining services, administration of the College's bookstore, and vending operations.

The Corporation operates under a contractual relationship with the State University of New York (SUNY). The contract limits the scope of services provided by the Corporation and restricts the amount earned from such services.

The Corporation includes the 100% owned subsidiary, Auxiliary Services Cortland Banquet Services, LLC.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP), and are in compliance with the State University of New York Faculty Student Association Uniform Accounting and Reporting System as required by contract with SUNY.

Financial Statement Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. GAAP, which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.
- **Net Assets With Donor Restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities. There were no net assets with donor restrictions in 2021 or 2020.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 1 Summary of Significant Accounting Policies - Continued

Income Taxes

The Corporation is a New York nonprofit corporation exempt from income taxes as an organization qualified under §501(c)(3) of the Internal Revenue Code. The Corporation has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

The Corporation is subject to unrelated business income tax on income generated by catering activities. Cash paid for income taxes was approximately \$5,629 and \$698 in 2021 and 2020, respectively.

Taxes Collected and Remitted to Government Authorities

The Corporation has presented sales tax net of tax collected.

Agency Accounting

In addition to its primary function, the Corporation performs accounting and other services for student faculty programs and projects conducted by duly organized and recognized clubs, groups, and associations. In this capacity, the Corporation acts only as custodial and disbursing agent. All assets related to these programs and projects are restricted in the agency and student loan funds. Interest earned on these funds is credited to the Corporation in lieu of an administrative charge to the restricted fund for performance of the accounting and other services.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized as services are performed and goods are sold.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents.

Inventory

Inventory consists of food service and retail items carried at the lower of cost, determined on a first-in, first-out basis, or market value.

Property, Equipment, and Depreciation

Property and equipment are stated at cost or fair value at the date of donation. The Corporation capitalizes purchases in excess of \$2,500 with a useful life greater than one year. Leasehold improvements are amortized over the shorter of the asset life or remaining lease term. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 1 Summary of Significant Accounting Policies - Continued

Investments

Investments are stated at fair value based on quoted market prices. The Corporation invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurement - Definition and Hierarchy

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Corporation. Unobservable inputs are inputs that reflect the Corporation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since calculations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuations are based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Corporation in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

The valuation techniques used to measure fair value for the Corporation's investments were based on quoted market prices of the investments, consistent with the market approach. There were no changes to the valuation techniques during 2021 and 2020.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 1 Summary of Significant Accounting Policies - Continued

Collections Received in Advance

Collections received in advance represent amounts received prior to services being performed and consist of deposits received on connections accounts.

Natural and Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dues and subscriptions, equipment rental and maintenance, health insurance, office supplies, payroll taxes, postage, printing, rent, retirement plan expense, salaries, seminars and travel, and telephone, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

Allocation of Administrative Expenses

Administrative expenses are allocated based on their percentage of cost of goods sold and operating expenses for the year then ended.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through September 27, 2021, the date on which the financial statements were available to be issued.

Future Accounting Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the year ending June 30, 2023. The Association is currently assessing the financial impact of this guidance on the financial statements.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 2 **Accounts Receivable and Allowance for Doubtful Accounts**

The Corporation provides services primarily for students of the College and is reimbursed for these services by the College. Accounts for which no payments have been received for several months are considered delinquent and are written off after customary collection efforts have been exhausted. The Corporation records an allowance for uncollectible accounts in anticipation of future write-offs based on a review of specific accounts and historical experience. At June 30, 2021 and 2020, the allowance for uncollectible accounts was \$26,000.

Note 3 **Fair Value Measurements**

The following are measured at fair value on a recurring basis at June 30,:

	2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 125,048	\$ -	\$ -	\$ 125,048
Domestic Mutual Funds	1,674,817	-	-	1,674,817
Fixed Income Mutual Funds	637,332	-	-	637,332
International Mutual Funds	514,026	-	-	514,026
Total Assets at Fair Value	\$ 2,951,223	\$ -	\$ -	\$ 2,951,223
	2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 125,048	\$ -	\$ -	\$ 125,048
Domestic Mutual Funds	1,175,121	-	-	1,175,121
Fixed Income Mutual Funds	654,238	-	-	654,238
International Mutual Funds	385,201	-	-	385,201
Total Assets at Fair Value	\$ 2,339,608	\$ -	\$ -	\$ 2,339,608

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 4 Investments

The fair value of investments held is as follows at June 30,:

	2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market Funds	\$ 125,048	\$ 125,048	\$ -
Domestic Mutual Funds	829,362	1,674,817	845,455
Fixed Income Mutual Funds	613,048	637,332	24,284
International Mutual Funds	342,322	514,026	171,704
Total	\$ 1,909,780	\$ 2,951,223	\$ 1,041,443
	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market Funds	\$ 125,048	\$ 125,048	\$ -
Domestic Mutual Funds	829,362	1,175,121	345,759
Fixed Income Mutual Funds	613,048	654,238	41,190
International Mutual Funds	342,322	385,201	42,879
Total	\$ 1,909,780	\$ 2,339,608	\$ 429,828

The following summarizes the total investment return for the investment portfolio for the years ending June 30,:

	2021	2020
Interest and Dividend Income	\$ 59,177	\$ 131,087
Gain on Investments	611,615	24,572
Total	\$ 670,792	\$ 155,659

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 5 Fixed Assets

Fixed assets and accumulated depreciation as of June 30, consisted of the following:

	2021		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 16,000	\$ -	\$ 16,000
Leasehold Improvements	16,648,191	7,347,193	9,300,998
Equipment	8,034,842	5,932,030	2,102,812
Total	\$ 24,699,033	\$ 13,279,223	\$ 11,419,810
	2020		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 16,000	\$ -	\$ 16,000
Construction in Progress	265,782	-	265,782
Leasehold Improvements	16,392,523	6,839,104	9,553,419
Equipment	7,871,836	5,615,483	2,256,353
Total	\$ 24,546,141	\$ 12,454,587	\$ 12,091,554

Depreciation expense amounted to \$842,490 and \$917,274 for the years ended June 30, 2021 and 2020, respectively.

Note 6 Promises to Give

In 2018 the Corporation made a promise to give the Cortland College Foundation \$1,400,000 for student scholarships. As of June 30, 2021, and 2020, the Corporation owed \$280,000 and \$560,000, respectively, to the Foundation relating to these promises.

Note 7 Retirement Plan

The Corporation sponsors a defined contribution retirement plan (Plan) that covers substantially all of its employees who meet certain eligibility requirements. The Plan provides for payment of benefits based on each participant's account balance at retirement. The amounts allocated to the individual participant's accounts are fully vested. The Corporation's contribution to the Plan is determined by formulas within minimum and maximum limits as stipulated in the Plan. Retirement expense under this Plan amounted to \$446,972 and \$451,949 for fiscal years 2021 and 2020, respectively.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 8 Postretirement Medical Benefits

The Corporation offers postretirement medical benefits to retired employees who have met certain eligibility requirements. For employees hired prior to June 30, 1992, the eligibility requirements include reaching 55 years of age and completing 15 years of full-time service with the Corporation. For those employees hired after June 30, 1992 and prior to January 1, 2005, the eligibility requirements include having 80 years combined total age and full-time service at time of retirement. The Board of Directors determines the amount of the benefit on an annual basis. Effective January 1, 2007, the benefit determined by the Board of Directors was \$140 per month. The Corporation has the right to amend or terminate the postretirement benefits at any time.

The value of the expected postretirement benefit obligation is determined by applying assumptions to historical cost data to estimate future annual incurred costs per employee and to adjust such estimates for the time value of money (through discounts for interests) and the probability of payment (by means of decrements such as those for death or withdrawal) between the valuation date and the expected date of payment.

The following table sets forth the amounts related to the post-retirement plan recognized as of and for the years ended:

	2021	2020
Change in Accumulated Benefit Obligation		
Accumulated Benefit Obligation at the Beginning of Year:	\$ 1,188,701	\$ 1,177,304
Service Cost	(7,286)	89,741
Benefits Paid	(94,146)	(78,344)
	\$ 1,087,269	\$ 1,188,701
Accumulated Benefit Obligation at Year End		
Change in Plan Assets		
Employer Contributions	\$ 94,146	\$ 78,344
Benefits Paid	(94,146)	(78,344)
	\$ -	\$ -
Fair Value of Plan Assets at Year End		
Reconciliation of Funded Status		
Funded Status	\$ (1,087,269)	\$ (1,188,701)
Unrecognized Net Actuarial (Gain) Loss	-	-
	\$ (1,087,269)	\$ (1,188,701)
Accrued Benefit Cost		

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 8 Post-Retirement Medical Benefits - Continued

Future postretirement benefits have been accrued in the financial statements using the following significant assumptions:

	2021	2020
Discount Rate	5%	5%
Projected Increase to Premiums	-	-
Average Length of Benefit	15 years	15 years

Benefit Payments

The Corporation intends to fund the postretirement plan on a pay-as-incurred basis, which is approximately as follows:

Year	Principal
2022	\$ 112,560
2023	107,977
2024	102,058
2025	93,626
2026	85,812
2027-2031	320,689
2032-2036	176,897
2037-2041	60,163
Thereafter	27,487
Total	\$ 1,087,269

Note 9 Payroll Protection Program Note Payable

In May 2020, the Corporation applied for a Paycheck Protection Program loan in the amount of \$1,618,700 with the U.S Small Business Administration through NBT Bank. The loan was approved, and funds were received on May 28, 2020. The Note may be forgiven, pursuant to and subject to, the terms of the Paycheck Protection Program as long as the proceeds are used for certain eligible costs during the 24-week period following receipt of the funding. The loan fully forgiven on June 17, 2021.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 10 Lease Obligation

The Corporation entered into a 30-year agreement to lease land for the construction and operation of a parking lot commencing July 1, 2006. At the end of the term, the land will revert back to the lessor. The annual base rent for this lease is \$16,500 per year. Semi-annual installments payable are due on the fifteenth day of July and January each year during the initial term and for any exercised option terms.

As additional rent, the Corporation agrees to pay a share of revenues from the operation of the parking facility. The Corporation paid variable rent for years one through ten at 20% of gross revenue in excess of \$90,000, with 30% of gross revenue in excess of \$200,000. However, in no event was the variable rent less than \$15,000 per year, regardless of gross revenue.

For years 11 through 20, the Corporation shall pay variable rent at 20% of gross revenue in excess of \$95,000 and 30% of gross revenue in excess of \$200,000. However, in no event will the rental be less than \$20,000 per year, regardless of gross revenue.

For years 21 through 30, the Corporation shall pay variable rent at 20% of gross revenue in excess of \$100,000 and 30% of gross revenue in excess of \$200,000. However, in no event will the rental be less than \$25,000 per year, regardless of gross revenue.

Variable rent payment shall be made no later than August 31 of each year and shall be based on a certified report of operation. Future minimum annual lease payments are as follow:

<u>Years Ending June 30,</u>	<u>Fixed Rent</u>	<u>Minimum Variable Rent</u>	<u>Total Minimum Rent</u>
2022-2026	\$ 16,500	\$ 20,000	\$ 36,500
2027-2036	16,500	25,000	41,500

Total rent expense under the terms of this lease was \$38,020 and \$45,000 for the years ended June 30, 2021 and 2020, respectively.

Note 11 Transactions with the State University of New York (SUNY)

Contract

The Corporation provides certain specified services to the College pursuant to a contract with SUNY effective July 1, 2017 and expiring on June 30, 2022. This contract requires the Corporation to provide dining, campus store, vending, parking, administrative and accounting services, and other auxiliary services as may be requested by the College for the benefit of students, faculty, and staff of the College.

Utilities

Under the terms of the contract with SUNY, the Corporation is required to reimburse SUNY for utilities and space. Total utilities expense charged to the Corporation by SUNY was approximately \$1,248,600 and \$1,083,235 in 2021 and 2020, respectively.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

***Note 12* Designated Net Assets**

Working Capital

State guidelines require the Corporation to appropriate undesignated net assets for working capital. The guidelines specify that the working capital reserve should be at least one twelfth, representing one month, of previous years' operating expenses.

Capital Assets

The Corporation has appropriated undesignated net assets for the future replacement of corporate-owned fixed assets and future capital projects. New York State guidelines specify that the capital assets reserve should equal the cost of capital assets less accumulated depreciation and less any debt related to the capital assets.

As of June 30, 2021 and 2020, the Corporation was in compliance with all of these guidelines.

Equipment Replacement Reserve

The Corporation has established a reserve fund for the future replacement of equipment equal to 45% of accumulated depreciation on equipment.

Uninsured Losses

The Board of Directors has designated \$200,000 for the purpose of paying claims and legal costs, which might be incurred and not covered under existing insurance policies. Board-designated net assets are not available for current program expenditures.

SUNY Cortland Emergency Operating Reserve

The Board of Directors has designated funds for the purpose of creating an emergency operating reserve for the College. This reserve is being funded at the end of each fiscal year in an amount equal to 10% of excess net revenues. Board-designated net assets are not available for current program expenditures. The balance in this reserve was \$63,703 and \$63,703 as of June 30, 2021 and 2020.

***Note 13* Management Contract**

The Corporation contracts with third parties to supply and operate all vending equipment on campus. The Corporation receives commission income from third parties based on 28% of vending sales.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 14 Availability and Liquidity

The Corporation's financial assets available within one year of the statement financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 2,133,524	\$ 5,494,432
Accounts Receivable, Net of Allowance	270,004	412,567
Investments	2,951,223	2,339,608
Other Assets	10,905	10,905
Total Financial Assets	<u>5,365,656</u>	<u>8,257,512</u>
Less Amounts Not Available to be Used Within One Year		
Designated for Equipment Replacement	(2,669,414)	(2,526,967)
Designated for Uninsured Losses	(200,000)	(200,000)
Designated for SUNY Cortland Emergency Operating Reserve	(63,703)	(63,703)
Total Amounts Unavailable Within One Year	<u>(2,933,117)</u>	<u>(2,790,670)</u>
Total Financial Assets Available Within One Year	<u>\$ 2,432,539</u>	<u>\$ 5,466,842</u>

The Corporation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

Note 15 Economic Uncertainty - COVID-19

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Corporation operates. Although there is still uncertainty regarding what the return to classes in the fall will look like, the Corporation feels that it will be able to maintain operations in a fiscally sound manner.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	2021	2020
Changes in Unrestricted Net Assets		
Operating Revenue		
Food Service Gross Revenue	\$ 9,448,977	\$ 12,762,075
Cost of Sales	(1,868,753)	(2,669,912)
Food Service Revenue, Net	7,580,224	10,092,163
Campus Store Gross Revenue	2,433,803	3,082,141
Cost of Sales	(1,718,641)	(2,121,751)
Campus Store Revenue, Net	715,162	960,390
Ancillary Services Gross Revenue	302,515	703,279
Cost of Sales	(26,376)	(84,928)
Ancillary Services Revenue, Net	276,139	618,351
Total Operating Revenue, Net	8,571,525	11,670,904
Operating Expenses		
Food Service	9,082,488	9,178,625
Campus Store	836,668	881,173
Ancillary Services	267,751	417,796
Administrative Expenses	1,984,109	2,219,148
Total Operating Expenses	12,171,016	12,696,742
Change in Net Assets From Operations	(3,599,491)	(1,025,838)
Nonoperating Revenue (Expense)		
Miscellaneous Revenue	674,252	155,917
PPP Loan Forgiveness	1,618,700	-
Program Expenditure	(204,930)	(502,689)
Contribution to SUNY Cortland College Foundation	(23,000)	(850,000)
Total Nonoperating Revenue (Expense)	2,065,022	(1,196,772)
Change in Net Assets	(1,534,469)	(2,222,610)
Net Assets, Beginning of Year	17,274,873	19,497,483
Net Assets, End of Year	\$ 15,740,404	\$ 17,274,873

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF ACTIVITIES FOOD SERVICE FOR THE YEARS ENDED JUNE 30,

	2021	2020
Operating Revenue		
Meal Plan Sales	\$ 9,166,808	\$ 11,558,852
Cash Sales	264,347	1,169,702
Other Income - Commissions on Sales	17,822	33,521
Total Operating Revenues	9,448,977	12,762,075
Cost of Goods Sold		
Beginning Inventory	153,498	152,255
Purchases	1,813,586	2,671,155
Less: Ending Inventory	(98,331)	(153,498)
Total Cost of Goods Sold	1,868,753	2,669,912
Gross Margin on Sales	7,580,224	10,092,163
Operating Expenses		
Salaries and Wages	4,177,288	4,441,986
Employee Benefits	2,113,795	2,185,140
Supplies and Materials	655,539	468,195
Depreciation and Amortization	728,109	765,472
Utilities	895,368	766,605
Contracted Services	211,788	130,860
Other Direct Operating Expenses	300,601	420,367
Total Operating Expenses	9,082,488	9,178,625
Excess of Revenue Over Operating Expenses	(1,502,264)	913,538
Allocation of Net Administrative Expenses	(1,574,449)	(1,712,475)
Change in Net Assets	\$ (3,076,713)	\$ (798,937)

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF ACTIVITIES CAMPUS STORE FOR THE YEARS ENDED JUNE 30,

	2021	2020
Operating Revenue		
Sales	\$ 2,407,916	\$ 3,055,537
Other Income - Commissions on Sales	25,887	26,604
Total Operating Revenues	2,433,803	3,082,141
Cost of Goods Sold		
Beginning Inventory	785,031	805,740
Purchases	1,678,394	2,101,042
(Less) Ending Inventory	(744,784)	(785,031)
Total Cost of Goods Sold	1,718,641	2,121,751
Gross Margin on Sales	715,162	960,390
Operating Expenses		
Salaries and Wages	360,223	382,046
Employee Benefits	155,963	174,288
Supplies and Materials	38,025	9,466
Depreciation and Amortization	21,489	51,906
Utilities	145,116	124,600
Contracted Services	83,728	108,304
Other Direct Operating Expenses	32,124	30,563
Total Operating Expenses	836,668	881,173
Excess of Revenue Over Operating Expenses	(121,506)	79,217
Allocation of Net Administrative Expenses	(367,374)	(434,014)
Change in Net Assets	\$ (488,880)	\$ (354,797)

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

STATEMENTS OF ACTIVITIES ANCILLARY SERVICES FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
Operating Revenue		
Sales	\$ 286,924	\$ 648,898
Other Income - Commissions on Sales	15,591	54,381
Total Operating Revenues	<u>302,515</u>	<u>703,279</u>
Cost of Goods Sold		
Beginning Inventory	11,582	14,437
Purchases	33,767	82,073
(Less) Ending Inventory	(18,973)	(11,582)
Total Cost of Goods Sold	<u>26,376</u>	<u>84,928</u>
Gross Margin on Sales	<u>276,139</u>	<u>618,351</u>
Operating Expenses		
Salaries and Wages	59,610	134,546
Employee Benefits	21,081	54,856
Supplies and Materials	12,584	18,071
Depreciation and Amortization	20,803	23,039
Utilities	41,976	49,230
Contracted Services	4,722	5,436
Other Direct Operating Expenses	106,975	132,618
Total Operating Expenses	<u>267,751</u>	<u>417,796</u>
Excess of Revenue Over Operating Expenses	8,388	200,555
Allocation of Net Administrative Expenses	<u>(42,286)</u>	<u>(72,659)</u>
Change in Net Assets	<u>\$ (33,898)</u>	<u>\$ 127,896</u>

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

COLLEGE PROGRAM EXPENSES FOR THE YEARS ENDED JUNE 30,

Program	2021	2020
Academic Affairs	\$ -	\$ 16,200
Admissions Open House	-	38,493
Alumni Laundry	42,252	96,407
Athletic Scholarship	-	400
Fall Picnic	-	11,750
Finance and Management	80,000	153,000
Institutional Advancement	-	5,400
President's Office	10,823	46,162
Student Affairs	-	5,400
Other College Support	14,716	(105,841)
Other College Support - Reserves	-	124,900
Asian and Middle Eastern Studies Receptions	-	2,000
Bee Bot Hive	-	1,726
Blackbird Film Festival	7,500	5,000
Body Appreciation Week	-	1,500
CALS Lecture Program	8,900	7,509
CALS Performing Arts	7,500	9,699
Coffee House Open Mic	-	6,943
Community Bike Program	972	1,679
Cortland Nights	10,706	13,003
Distinguished Voices	2,000	1,000
Diversity Retreat	-	2,500
Dowd Speaker Series	-	1,000
Eastern/Central Europe	-	364
Educational Opportunities Programs	2,097	9,089
EOP Chi Alpha Epsilon Induction	1,000	559
Family Weekend	99	4,193
Greek Life	-	600
Interviewing Etiquette	-	629
Leadership Development	302	3,778
Literacy Symposium	2,500	-
Louis Larson Lecture	-	1,000
Making History	-	2,540
Musical Legacy Project	-	3,120
Native American Events	275	-
New Student Orientation	-	7,000
Non-Traditional Student Awareness	563	1,907
Paws for Stress Relief	-	2,599
Personal Growth	9,201	10,500
Photography Incentives	1,000	500
Public Engineering Greenhouses	-	2,839
Public Restoration Seneca	-	400
Sex Assault Prevention	-	2,000
2nd Language Education Grant	-	1,961
Teaching Assistant Appreciation	-	161
Transfer Students	-	1,120
Inclusive Excellence	2,524	-
Total College Program Expenses	\$ 204,930	\$ 502,689

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

ADMINISTRATIVE OFFICE EXPENSES FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
Administrative Expenses		
Salaries and Wages	\$ 1,098,017	\$ 1,133,212
Employee Benefits	451,904	575,568
Depreciation and Amortization	72,089	76,857
Utilities	166,140	142,800
Supplies and Materials	52,932	45,364
Auditing	18,400	18,000
Legal	11,032	7,231
Contracted Services	186,872	163,868
Other Direct Operating Expenses	(73,277)	56,248
Total Administrative Expenses	<u>\$ 1,984,109</u>	<u>\$ 2,219,148</u>
Administrative Expenses Allocations		
Food Service	\$ 1,574,449	\$ 1,712,475
Campus Store	367,374	434,014
Ancillary Services	42,286	72,659
Total Administrative Expenses Allocated	<u>\$ 1,984,109</u>	<u>\$ 2,219,148</u>

Note: Administrative expenses are allocated based on their percentage of COGS and operating expenses for the year then ended.

AUXILIARY SERVICES CORPORATION OF SUNY CORTLAND

AGENCY ACCOUNT ACTIVITY FOR THE YEAR ENDED JUNE 30, 2021

	Beginning Balance June 30, 2020	Receipts	Disbursements	Ending Balance June 30, 2021
Admissions Open House	\$ 3,054	\$ -	\$ -	\$ 3,054
Adirondack Trail Blazers	10,274	-	-	10,274
ASAP	584	-	-	584
ASC Family Fund	7,914	4,378	(1,239)	11,053
Campus Activities MAF	-	26,873	-	26,873
C-Club General Fund	141,951	17,098	(34,524)	124,525
Community Bike Project	264	-	-	264
Computer Officers Association	79,102	24,289	(21,860)	81,531
Study Abroad				
Administration	23,773	-	(17,015)	6,758
Anglia Ruskin U.	20,872	-	-	20,872
Aust-Sunshine Co.	2,995	-	-	2,995
Ballarat	1,579	-	-	1,579
Beijing	2,140	-	-	2,140
Belize	42	136	-	178
Belize Art	7,226	-	-	7,226
Belize C.E.L.A	7,482	-	(300)	7,182
Belize Zoo	6,028	-	-	6,028
Cork	21,491	1	-	21,492
Costa Rica	25,641	5,005	(9,900)	20,746
Cuernavaca	12,463	-	-	12,463
Development Fund	14,332	5,227	(9,243)	10,316
Dublin	33,381	-	(8,982)	24,399
Fulda, Germany	3,373	-	-	3,373
Germany	538	-	-	538
Griffith University	883	-	-	883
India Health	20,612	-	(1,031)	19,581
India St. Aloysius	5,102	1,750	-	6,852
Lancaster	1,375	-	-	1,375
Larochelle	2,391	-	-	2,391
London	2,732	-	-	2,732
Projects	9,367	250	-	9,617
Public Relations	6,026	-	(725)	5,301
Salamanca	393	13,381	(9,449)	4,325
Sunshine Coast Student Teaching	124,785	2,854	(24,341)	103,298
Ghana	5,418	10,300	(15,600)	118
Sport Management	4,534	-	-	4,534
Mexico - Baha Backpack	8,165	-	-	8,165
Romania	4,073	-	-	4,073
Cortland State Emergency Squad	11,976	500	-	12,476
College Union and Campus Activities Professionals	-	3,747	-	3,747
Employee Assistance Program	1,570	-	-	1,570
Habitat for Humanity - Guatemala	9,987	-	-	9,987
Leatha Mikitiuk Memorial Award	9,751	1,334	-	11,085
Residence Life Conference	15	-	-	15
Special Conference Account	37	-	-	37
Sponsored Activities	99,894	7,285	(16,657)	90,522
Sports Clubs	290,637	127,592	(13,936)	404,293
Student Counseling	373	-	-	373
Sustainability Conference/ NYCSHE	3,358	150	(425)	3,083
SUNY Cortland Gospel Choir	3,196	-	-	3,196
SUNY Deans of Arts & Sciences	1,113	-	-	1,113
SUNY MEU Conference	1,680	50	(1,695)	35
Tutorial Outreach Program	1,529	25	-	1,554
Total Agency	1,057,471	252,225	(186,922)	1,122,774
Other Accounts Payable	15,152	2,481	(2,495)	15,138
Total Agency Accounts	\$ 1,072,623	\$ 254,706	\$ (189,417)	\$ 1,137,912

