

BINGHAMTON AUXILIARY SERVICES CORPORATION

**Financial Statements as of
June 30, 2020 and 2019
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 2, 2020

To the Board of Directors
Binghamton Auxiliary Services Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Binghamton Auxiliary Services Corporation (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, 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.

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 audits 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 entity'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 entity'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.

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INDEPENDENT AUDITOR'S REPORT

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Binghamton Auxiliary Services Corporation as of June 30, 2020 and 2019, 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.

BINGHAMTON AUXILIARY SERVICES CORPORATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 226,302	\$ 168,356
Total assets	<u>\$ 226,302</u>	<u>\$ 168,356</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 7,584	\$ 438
Total liabilities	<u>7,584</u>	<u>438</u>
Net assets without donor restrictions	<u>218,718</u>	<u>167,918</u>
Total liabilities and net assets	<u>\$ 226,302</u>	<u>\$ 168,356</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON AUXILIARY SERVICES CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE:		
Commission revenues	\$ 44,984	\$ 40,248
Rental income	30,000	30,000
Other income	12,950	-
Contributed university support - start up costs	<u>-</u>	<u>1,794</u>
Total support and revenue	<u>87,934</u>	<u>72,042</u>
EXPENSES:		
Program services expenses		
Other student/faculty services	639	474
Other student services	256	608
Supporting services expenses		
General administrative expenses	36,239	11,198
Contributed university support - start up costs	<u>-</u>	<u>4,516</u>
Total expenses	<u>37,134</u>	<u>16,796</u>
CHANGE IN NET ASSETS	50,800	55,246
NET ASSETS - beginning of year	<u>167,918</u>	<u>112,672</u>
NET ASSETS - end of year	<u>\$ 218,718</u>	<u>\$ 167,918</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON AUXILIARY SERVICES CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

(With comparative totals for the year ended June 30, 2019)

	<u>Program Services</u>				
	<u>Other Student/ Faculty Services</u>	<u>Other Student Services</u>	<u>General & Administrative</u>	<u>2020 Total</u>	<u>2019 Total</u>
Professional service fees	\$ -	\$ -	\$ 25,510	\$ 25,510	\$ 5,350
Salaries	639	256	6,689	7,584	5,598
Insurance	-	-	1,577	1,577	1,507
Postage	-	-	1,310	1,310	1,318
Bank fees	-	-	600	600	658
Other	-	-	553	553	571
Contributed University support - start up costs	-	-	-	-	1,794
Total expenses	<u>\$ 639</u>	<u>\$ 256</u>	<u>\$ 36,239</u>	<u>\$ 37,134</u>	<u>\$ 16,796</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON AUXILIARY SERVICES CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>		<u>General &</u>	<u>Total</u>
	<u>Other Student/ Faculty Services</u>	<u>Other Student Services</u>	<u>Administrative</u>	
Salaries	\$ 474	\$ 608	\$ 4,516	\$ 5,598
Professional service fees	-	-	5,350	5,350
Contributed University support - start up costs	-	-	1,794	1,794
Insurance	-	-	1,507	1,507
Postage	-	-	1,318	1,318
Bank fees	-	-	658	658
Other	-	-	571	571
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Total expenses	<u>\$ 474</u>	<u>\$ 608</u>	<u>\$ 15,714</u>	<u>\$ 16,796</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON AUXILIARY SERVICES CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 50,800	\$ 55,246
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Changes in:		
Accounts payable	<u>7,146</u>	<u>438</u>
Net cash flow from operating activities	<u>57,946</u>	<u>55,684</u>
CHANGE IN CASH	57,946	55,684
CASH - beginning of year	<u>168,356</u>	<u>112,672</u>
CASH - end of year	<u>\$ 226,302</u>	<u>\$ 168,356</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON AUXILIARY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Binghamton Auxiliary Services Corporation ("the Corporation") was formed to aid, assist and service the students, faculty, administrative staff, alumni and others in the college community of Binghamton University through the provision of auxiliary services, such as, by way of example and not limited to, food services, book store operations, vending and game machines, copying services, printing services, computer services and other related enterprises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Reporting

The Corporation reports its activities and the related net assets using the following categories:

- **Net Assets Without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not made any board designations from these net assets.

- **Net Assets With Donor Restrictions**

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Corporation had no assets with donor restrictions as of June 30, 2020 and 2019.

Cash

Cash includes demand deposit accounts, which at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to its cash.

Income Taxes

The Corporation is a not-for-profit organization and is exempt from income taxes as an organization qualified under Section 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

BINGHAMTON AUXILIARY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of program and supporting service activities is summarized on a functional basis in the statement of activities and statement of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salary expense is allocated based on timesheets prepared by personnel. General and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Corporation. There are no fundraising expenses.

Cash Flows

For purposes of the statements of cash flows, the Corporation uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2020 and 2019, there were no cash equivalents.

Revenue Recognition

The Corporation receives commission income in connection with rental of refrigerators to students and the sale of commencement photos. Commission income is recorded at the amount the Corporation receives based upon amounts stipulated in contracts with third party companies. The performance obligation is met at the point in time when the student signs the agreement and payment is made to the third party company.

Reclassifications

Certain amounts have been reclassified from the 2019 financial statements to conform with the current year presentation.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Corporation adopted ASC 606 as of July 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets.

BINGHAMTON AUXILIARY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

3. AFFILIATED ORGANIZATION

The Corporation is affiliated with the State University of New York at Binghamton (the University). The Corporation follows the State University of New York Guidelines for Auxiliary Services Corporations (ASC). The Corporation shares facilities with Binghamton University and may coordinate with the University in various respects. The University will oversee the activities of the Corporation through contracts with the Corporation, as well as representation on the Board of Directors of the Corporation.

The ASC Model Contract with the State University of New York was approved and became effective August 31, 2018.

The Corporation has elected to record revenue and corresponding expense, the value of contributed start-up salaries and other administrative support provided by Binghamton University. The total amount of such support for the years ended June 30, 2020 and 2019 was \$-0- and \$1,794, respectively.

4. RENTAL INCOME

The Corporation leases space to a financial institution under a noncancellable lease that expires in 2023. The expected future minimum rental income is as follows for the years ending June 30:

2021	\$	30,000
2022		30,000
2023		<u>30,000</u>
	\$	<u>90,000</u>

5. LIQUIDITY

The Corporation has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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

	<u>2020</u>	<u>2019</u>
Cash	\$ <u>226,302</u>	\$ <u>168,356</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>226,302</u>	\$ <u>168,356</u>

BINGHAMTON AUXILIARY SERVICES CORPORATION

NOTES TO FINANCIAL STATEMENTS

6. SUBSEQUENT EVENTS

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

The Corporation has evaluated subsequent events through October 2, 2020, which is the date the financial statements were available to be issued.