



Office of Budget and Finance

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April 9, 2020

To: Vice Presidents of Finance and Administration

From: Kenneth Tirino, University Director Financial Reporting and Analysis

Subject: Fiscal Year 2019 Unaudited College Financial Statements

The attached financial reporting package contains the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2019. These financial statements are presented on the single-year basis, which is consistent with the University's audited financial statements for the year ended June 30, 2019. Because the financial activities of colleges are not individually audited, the attached financial statements are considered as unaudited.

The information in the financial statements include all activities and transactions for the tax levy, non-tax levy entities and foundations entered into CUNYfirst, by the staff at the colleges and related entities, or by the staff of the Central Office on behalf of the colleges.

New Accounting Standards Adopted in fiscal year 2019

In fiscal year 2019, the University adopted the following new accounting standards:

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89) addresses accounting for interest cost incurred before the end of a construction period as an expense in the period in which the cost is incurred for financial statements. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in business-type activity or enterprise fund. The effect of adoption of GASB 89 resulted in the University recognizing \$51.5 million in interest expense for the year ended June 30, 2019 related to interest incurred before the end of the construction period during the current fiscal year.

GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 (GASB 90) 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. There was no impact on the University's financial statements as a result of the adoption of GASB 90.

The fiscal year 2019 unaudited college financial statements are prepared in conformity with Generally Accepted Accounting Principles to provide the college management an outlook on the current financial condition.

Thank you and your staff for providing the continuous support. If you have any questions, please contact Adriana Lau at (646)664-3080 or me at (646)664-3167.

cc: College Business Managers

Sara Montero, University Executive Controller

Adriana Lau, Associate Director - Financial Reporting & Analysis