

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Financial Statements and
Supplementary Information

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

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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
Children's Center of John Jay College
of Criminal Justice, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Center of John Jay College of Criminal Justice, Inc. (the Center) as of and for the years ended June 30, 2019 and 2018, and the related notes to financial statements, which collectively comprise the Center'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 Center'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 Center'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 Children's Center of John Jay College of Criminal Justice, 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 3, 2019

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, 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 Children's Center of John Jay College of Criminal Justice, Inc.'s (the Center) 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 Center's net position increased by \$75,444 or 20%.
- Operating revenue increased by \$70,891 or 8%.
- Operating expenses decreased by \$16,328 or 2%.

Financial Position

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

Statements of Net Position

The following summarizes the Center's assets, liabilities and net position as of June 30, 2019 and 2018, under the accrual basis of accounting:

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>488,814</u>	\$ <u>408,440</u>	\$ <u>80,374</u>	20%
Liabilities	\$ <u>30,317</u>	\$ <u>25,387</u>	\$ <u>4,930</u>	19%
Net position - unrestricted	\$ <u>458,497</u>	\$ <u>383,053</u>	\$ <u>75,444</u>	20%

For the fiscal year ended June 30, 2019, the Center's total net position increased by \$75,444 or 20%, compared to the previous year. The increase in net position was mainly a result of additional support received from New York State as well as a decrease in spending.

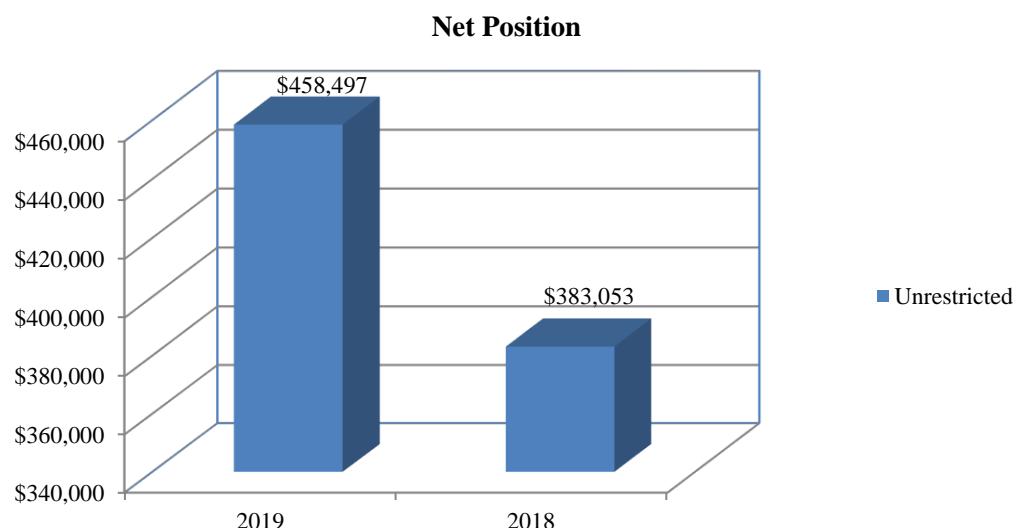
CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Management's Discussion and Analysis, Continued

The Center's assets increased \$80,374 or 20% primarily due to the receivable from New York State, and liabilities increased \$4,930 or 19% due to the timing of the Center's payroll disbursement at the end of fiscal year.

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

The following illustrates the Center's net position at June 30, 2019 and 2018 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 Center, 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

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
State grant	\$ 245,705	186,529	59,176	32%
Food program	8,146	7,075	1,071	15%
Student activity fees	185,057	176,754	8,303	5%
Parent fees	66,867	75,793	(8,926)	(12%)
Donated space and services	454,498	440,864	13,634	3%
Other income	690	3,057	(2,367)	(77%)
Total operating revenue	<u>\$ 960,963</u>	<u>890,072</u>	<u>70,891</u>	<u>8%</u>

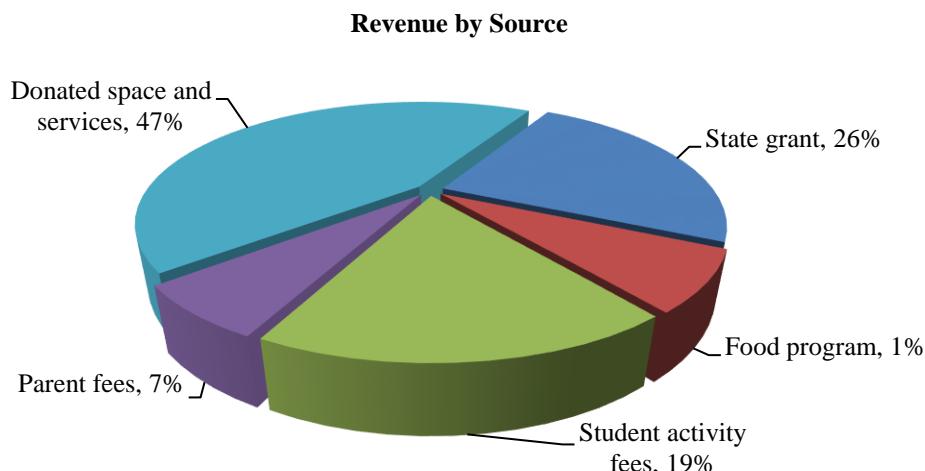
CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Management's Discussion and Analysis, Continued

The Center's total revenue for the year ended June 30, 2019 amounted to \$960,963, an increase of \$70,891 or 8% compared to the previous year. The increase in revenue is mainly due to the additional support received from the New York State grant of \$59,176 or 32%, as well as increased support derived from the food program of \$1,071 or 15%, student activity fees of \$8,303 or 5%, and donated space and services of \$13,634 or 3%. Despite the increase, there were decreases in parent fees by \$8,926 or 12% due to a decline in enrollment, and other income by \$2,367 or 77% due to more student debt recovered in the prior fiscal year.

There were no other significant changes in revenue for the fiscal year ended June 30, 2019.

The following illustrates the Center's revenue, by source, for the year ended June 30, 2019:



Expenses

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Salaries, benefits and payroll taxes	\$ 529,007	524,014	4,993	1%
Professional services	18,014	33,862	(15,848)	(47%)
Other program costs, including administrative costs	<u>338,498</u>	<u>343,971</u>	<u>(5,473)</u>	<u>(2%)</u>
Total operating expenses	<u>\$ 885,519</u>	<u>901,847</u>	<u>(16,328)</u>	<u>(2%)</u>

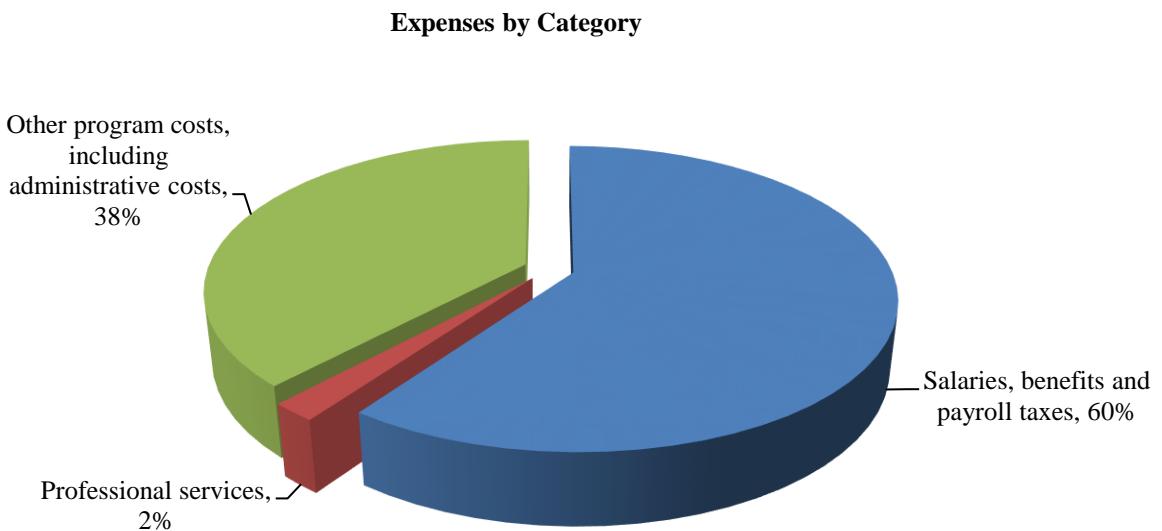
CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2019 were \$885,519, a decrease of \$16,328 or 2%, compared to the previous year. The major causes for this decrease was professional services decreasing by \$15,848 or 47% due to less contractual payments for workshops and professional development, and other program costs decreasing by \$5,473 or 2% due to reduced purchases for supplies, furniture and travel. Salaries, benefits and payroll taxes increased by \$4,993 or 1% as a result of additional payments for workers compensation relating to employee benefits.

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

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



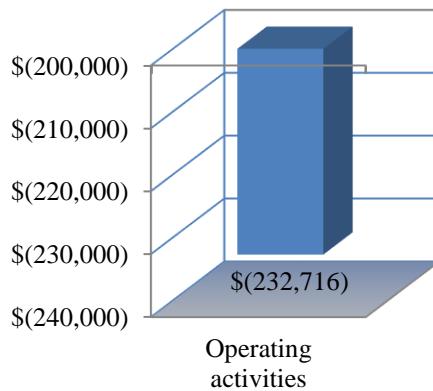
CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Management's Discussion and Analysis, Continued

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 Center's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Center's cash flows for the year ended June 30, 2019:

Cash Flows



All of the Center's receipts are used for operations. The Center has no capital assets and, further, due to limited resources there is no investing activity.

Economic Factors That May Affect the Future

The Center's financial ability remains uncertain due to its dependence on federal and state funding, the College's support for the Director's salary and benefits and its reliance on student activity fees.

**CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.**
 Statements of Net Position
 June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 80,196	312,912
Accounts receivable	248,245	942
Due from related parties	156,030	89,156
Prepaid expenses	<u>4,343</u>	<u>5,430</u>
 Total assets	 <u>488,814</u>	 <u>408,440</u>
 <u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	23,210	18,654
Unearned revenue	<u>7,107</u>	<u>6,733</u>
 Total liabilities	 <u>30,317</u>	 <u>25,387</u>
 <u>Net Position</u>		
Net position - unrestricted	<u>\$ 458,497</u>	<u>383,053</u>

See accompanying notes to financial statements.

**CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.**
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Public support:		
State grant	\$ 245,705	186,529
Food program	<u>8,146</u>	<u>7,075</u>
	<u>253,851</u>	<u>193,604</u>
Total public support		
Other revenue:		
Student activity fees	185,057	176,754
Parent fees	66,867	75,793
Donated space and services	454,498	440,864
Other income	<u>690</u>	<u>3,057</u>
	<u>707,112</u>	<u>696,468</u>
Total other revenue		
Total operating revenue	<u>960,963</u>	<u>890,072</u>
Operating expenses:		
Salaries	389,614	416,900
Employee benefits	113,786	80,915
Payroll taxes	25,607	26,199
Telephone and travel	-	1,325
Food	14,957	18,213
Supplies	4,919	14,731
Furniture and equipment	124	4,528
Professional services	18,014	33,862
Insurance	5,506	5,978
Facilities	307,080	298,550
Miscellaneous	<u>5,912</u>	<u>646</u>
	<u>885,519</u>	<u>901,847</u>
Total operating expenses		
Income (loss) from operations	75,444	(11,775)
Nonoperating revenue - release from reserve	<u>-</u>	<u>250,000</u>
Change in net position	75,444	238,225
Net position at beginning of year	<u>383,053</u>	<u>144,828</u>
Net position at end of year	<u>\$ 458,497</u>	<u>383,053</u>

See accompanying notes to financial statements.

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from:		
State grants	\$ -	186,529
Food program	8,146	7,075
Student activity fees	166,658	163,851
Parent fees	58,223	76,531
Other	690	3,057
Cash payments to/for:		
Salaries	(332,333)	(261,328)
Employee benefits	(62,338)	(36,291)
Payroll taxes	(26,503)	(22,415)
Telephone and travel	-	(1,325)
Food	(12,622)	(17,045)
Supplies	(4,919)	(14,731)
Furniture and equipment	(124)	(4,528)
Professional services	(16,623)	(29,862)
Insurance	(5,054)	(498)
Miscellaneous	<u>(5,917)</u>	<u>(646)</u>
Net cash provided by (used in) operating activities	(232,716)	48,374
Cash and equivalents at beginning of year	<u>312,912</u>	<u>264,538</u>
Cash and equivalents at end of year	<u>\$ 80,196</u>	<u>312,912</u>

(Continued)

See accompanying notes to financial statements.

**CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.
Statements of Cash Flows, Continued**

	<u>2019</u>	<u>2018</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	\$ 75,444	(11,775)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Changes in:		
Accounts receivable	(247,303)	(942)
Due from related parties	(66,874)	45,892
Prepaid expenses	1,087	4,844
Accounts payable and accrued expenses	4,556	8,864
Unearned revenue	<u>374</u>	<u>1,491</u>
Net cash provided by (used in) operating activities	<u><u>\$ (232,716)</u></u>	<u><u>48,374</u></u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	\$ 454,498	440,864
Donated facilities expense	<u>307,080</u>	<u>298,550</u>
Donated professional services	<u>147,418</u>	<u>142,314</u>
	<u><u>\$ 454,498</u></u>	<u><u>440,864</u></u>

See accompanying notes to financial statements.

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements

June 30, 2019 and 2018

(1) Nature of Organization

The Children's Center of John Jay College of Criminal Justice, Inc. (the Center) is a non-profit organization, which provides complete childcare services to faculty and staff, and students enrolled at John Jay College of Criminal Justice (the College).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Net Position

The Center'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 Center 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 Center or the passage of time.

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

At June 30, 2019, the Center had no investment in capital assets or restricted net position.

(c) Cash and Equivalents

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

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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) Revenue Recognition

Revenues are primarily derived from state grants and tuition payments according to a fee schedule and are recognized when child care services are provided. Contributions received are recorded as restricted - nonexpendable, restricted - spendable, or unrestricted, depending on the existence and or nature of any donor restrictions. Student activity fees and parent fees are recognized in the period earned. Student activity fees and parent fees collected prior to year-end, if any, relating to the first half of the summer semester of the subsequent year, are recorded as unearned revenue.

State Grant - The Center receives a state grant provided that it adheres to the regulations set forth by the State Childcare Advisory Committee. Among other things, these regulations stipulate that the Center must (1) be licensed by New York City Board of Health; (2) have proper liability insurance; and (3) provide services to children of students. Funds are considered to be tuition subsidies paid on behalf of eligible parents. Revenue is recognized as expenses are incurred.

(f) Donated Space and Services

The Center operates on the campus of the College and utilizes facilities and equipment, as well as personnel services of certain College employees. The cost savings associated with such arrangements are recorded as donated space and services and is recognized as revenue and expenses in the accompanying financial statements based on the fair value of such facilities and services (note 7).

(g) 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.

(h) 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.

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Subsequent Events

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

(j) Income Taxes

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

(k) Reclassifications

Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Center's deposits may not be returned in the event of a bank failure. At June 30, 2019, the Center's cash was not exposed to custodial risk. The Center does not have a deposit policy.

(4) Accounts Receivable

Accounts receivable amounted to \$248,245 and \$942 as of June 30, 2019 and 2018, respectively.

The amounts represent the amounts the Center was due from funding sources for expenditures incurred or services rendered in excess of payments received. Due to timing of the deposit, the Center's New York State grant of \$245,705 was reported as a receivable.

(5) New York State Grant

The Center is entitled to receive an allocation of state funds provided by The City University of New York (CUNY) for childcare programs. New York State Grant revenue amounted to \$245,705 and \$186,529 for the years ended June 30, 2019 and 2018, respectively.

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements, Continued

(6) Student Activity Fees

The Center was entitled to receive funding from the John Jay College of Criminal Justice Student Activities Association, Inc., (the Association) in the amount of \$6.50 per student, for full-time students and \$6.00 per student, for part-time students in 2019 and 2018. This funding amounted to \$185,057 and \$176,754 for the years ended June 30, 2019 and 2018, respectively.

(7) Donated Space and Services

The Center 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:

	<u>2019</u>	<u>2018</u>
Facilities	\$ 307,080	298,550
Salary and benefits for the Center's Director	<u>147,418</u>	<u>142,314</u>
	<u>\$ 454,498</u>	<u>440,864</u>

(8) Retirement Plan

The Center provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. The Center contributes 5% of gross wages. Contributions to the plan during the years ended June 30, 2019 and 2018, were \$9,091 and \$7,530, respectively.

(9) Due From Related Parties

The Center has a grant managed through the Research Foundation of the City University of New York (the Research Foundation). The grant is used to reimburse payroll expenses for employees formerly paid through the Research Foundation. The total of such payments amounted to \$91,687 and \$65,948 for the years ended June 30, 2019 and 2018, respectively. The Association makes donations to the Center for support of their operations. The amount due from related parties at June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Research Foundation	\$ 51,835	10,594
Association	96,961	78,562
College	<u>7,234</u>	-
	<u>\$ 156,030</u>	<u>89,156</u>

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements, Continued

(10) 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 Center. This Statement is not expected to have a material effect on the financial statements of the Center.

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 Center. This Statement is not expected to have a material effect on the financial statements of the Center.

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 is effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

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 Center. This Statement is not expected to have a material effect on the financial statements of the Center.

CHILDREN'S CENTER OF JOHN JAY COLLEGE
OF CRIMINAL JUSTICE, INC.

Notes to Financial Statements, Continued

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

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 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 January 1, 2021 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.