

DOCTORAL AND GRADUATE STUDENTS' COUNCIL
OF THE CITY UNIVERSITY OF NEW YORK -
GRADUATE SCHOOL AND UNIVERSITY
CENTER FIDUCIARY ACCOUNTS

Financial Statements and
Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF
THE CITY UNIVERSITY OF NEW YORK - GRADUATE SCHOOL
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INDEPENDENT AUDITORS' REPORT

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The Board of Directors
Doctoral and Graduate Students' Council of the City
University of New York - Graduate School and
University Center Fiduciary Accounts:

Report on the Financial Statements

We have audited the accompanying financial statements of Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts (the Association) as of and for the years ended June 30, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Association's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts as of June 30, 2020 and 2019, 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
September 25, 2020

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF
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Management's Discussion and Analysis

June 30, 2020

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts' (the Association) financial position as of June 30, 2020, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Association's net position increased by \$40,022 or 15.60%.
- Operating revenue increased by \$27,819 or 4.47%.
- Operating expenses decreased by \$32,907 or 5.61%.

Financial Position

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

Statements of Net Position

The following summarizes the Association's assets, liabilities and net position as of June 30, 2020 and 2019, under the accrual basis of accounting:

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>328,117</u>	<u>290,748</u>	<u>37,369</u>	12.85%
Liabilities	<u>31,597</u>	<u>34,250</u>	<u>(2,653)</u>	(7.75%)
Unrestricted net position	\$ <u>296,520</u>	<u>256,498</u>	<u>40,022</u>	15.60%

At June 30, 2020, the Association's total net position increased by \$40,022 or 15.60%, compared to the previous year.

At June 30, 2020, the Association's total assets increased by \$37,369 or 12.85%, compared to the previous year. The increase in total assets was due to an increase in cash caused by an overall increase of operating income.

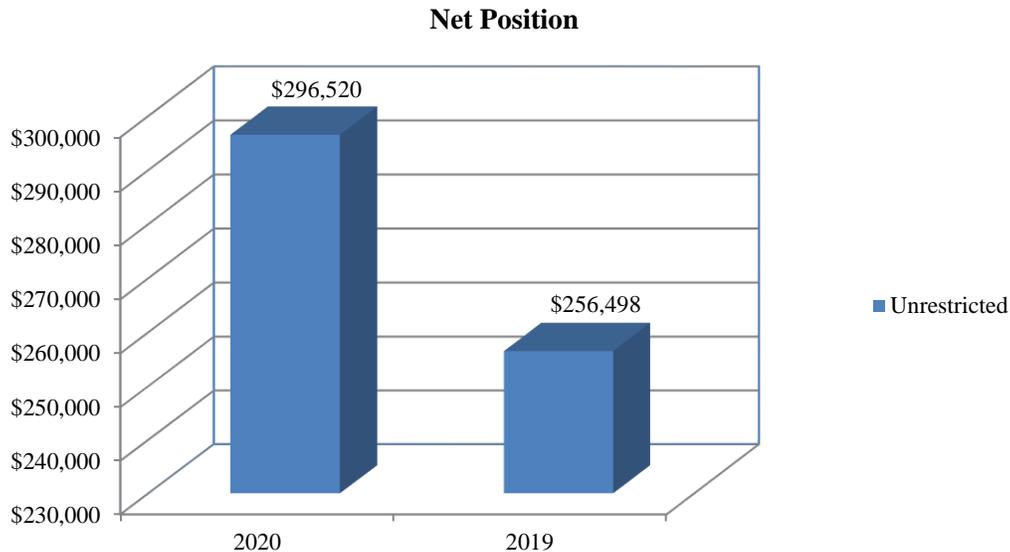
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Management's Discussion and Analysis, Continued

At June 30, 2020, the Association's total liabilities decreased by \$2,653 or 7.75%, compared to the previous year. The minor decrease in total liabilities was due to the timing of operating expense payments.

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

The following illustrates the Association's net position at June 30, 2020 and 2019 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 Association, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2020 and 2019 are as follows:

Revenue

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 269,273	277,864	(8,591)	(3.09%)
Donated space and services	<u>380,962</u>	<u>344,552</u>	<u>36,410</u>	10.57%
Total operating revenue	650,235	622,416	27,819	4.47%
Nonoperating revenue	<u>7,834</u>	<u>8,205</u>	<u>(371)</u>	(4.52%)
Total revenue	\$ <u>658,069</u>	<u>630,621</u>	<u>27,448</u>	4.35%

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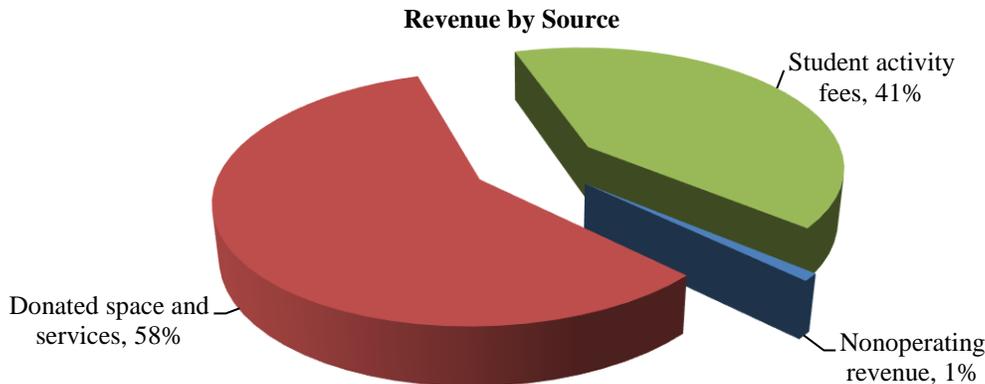
Management's Discussion and Analysis, Continued

The Association's total revenue for the year ended June 30, 2020 amounted to \$658,069, an increase of \$27,448 or 4.35%, compared to the previous year. The major component of this variance is related to an increase in donated space and services.

Student activity fees represented approximately 41% and donated space and services represented 58% of total revenue and, accordingly, the Association is dependent upon this level of support to carry out its operations.

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

The following illustrates the Association's revenue, by source, for the year ended June 30, 2020:



Expenses

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student organizations and activities	\$ 543,536	539,528	4,008	.74%
Medical center	1,244	1,791	(547)	(30.54%)
Management and general	2,955	21,264	(18,309)	(86.10%)
Publications and cultural affairs	<u>6,287</u>	<u>24,346</u>	<u>(18,059)</u>	<u>(74.18%)</u>
Total operating expenses	554,022	586,929	(32,907)	(5.61%)
Nonoperating expenses	<u>64,025</u>	<u>29,057</u>	<u>34,968</u>	120.34%
Total expenses	\$ <u>618,047</u>	<u>615,986</u>	<u>2,061</u>	.33%

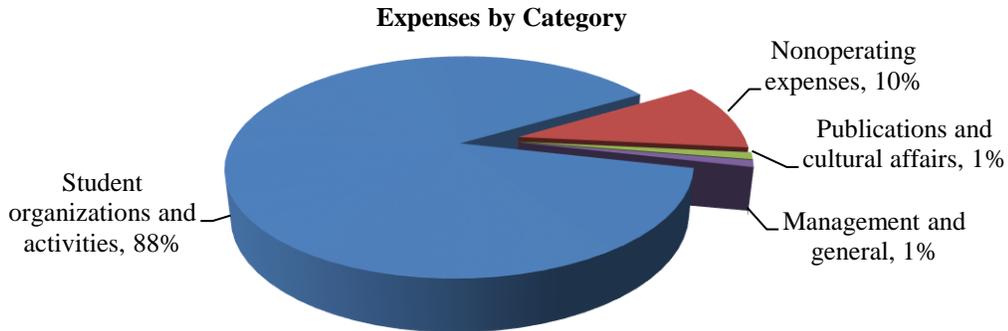
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Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2020 were \$618,047, an increase of \$2,061 or .33%, compared to the previous year. The major components of this variance were due to increases in nonoperating expenses. Due to hardship many Graduate Center students faced in fiscal year 2020 caused by CUNY budget cuts, the Association contributed over \$57,000 to related entities, namely to the Student Medical Emergency Fund. This was offset by a reduction in operating expenses of \$32,907 or 5.61% due to COVID-19.

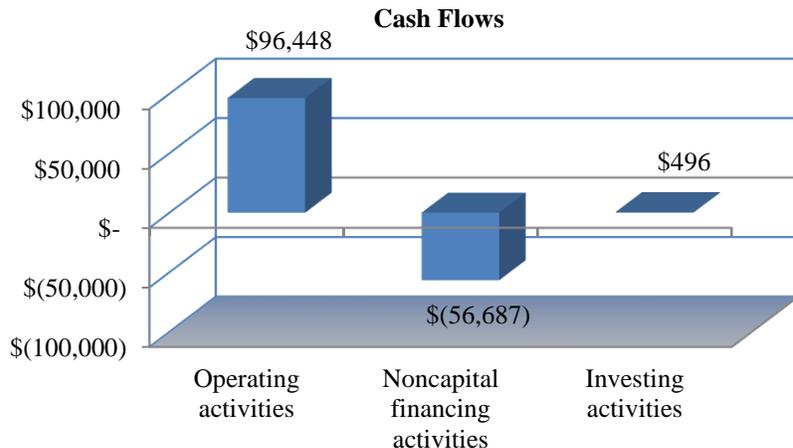
There were no other significant or unexpected changes in the Association's expenses.

The following illustrates the Association's expenses, by category, for the year ended June 30, 2020:



Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the Association's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2020:



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Management's Discussion and Analysis, Continued

Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred, and COVID-19 whose effect is not presently determinable.

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Statements of Net Position
June 30, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash and equivalents		\$ 310,121	269,864
Accounts receivable		<u>17,996</u>	<u>20,884</u>
Total current assets		<u>328,117</u>	<u>290,748</u>
	<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses		<u>31,597</u>	<u>34,250</u>
	<u>Net Position</u>		
Unrestricted		<u>\$ 296,520</u>	<u>256,498</u>

See accompanying notes to financial statements.

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Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Student activity fees	\$ 269,273	277,864
Donated space and services	<u>380,962</u>	<u>344,552</u>
Total operating revenue	<u>650,235</u>	<u>622,416</u>
Operating expenses:		
Student organizations and activities	543,536	539,528
Medical center	1,244	1,791
Management and general	2,955	21,264
Publications and cultural affairs	<u>6,287</u>	<u>24,346</u>
Total operating expenses	<u>554,022</u>	<u>586,929</u>
Income from operations	<u>96,213</u>	<u>35,487</u>
Nonoperating revenue (expenses):		
Interest income	496	477
Other revenue	7,338	7,728
Other expenses	<u>(64,025)</u>	<u>(29,057)</u>
Total nonoperating revenue (expenses), net	<u>(56,191)</u>	<u>(20,852)</u>
Change in net position	40,022	14,635
Net position at beginning of year	<u>256,498</u>	<u>241,863</u>
Net position at end of year	<u>\$ 296,520</u>	<u>256,498</u>

See accompanying notes to financial statements.

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Statements of Cash Flows
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from student activity fees	\$ 272,161	277,864
Cash payments to vendors	<u>(175,713)</u>	<u>(247,545)</u>
Net cash provided by operating activities	<u>96,448</u>	<u>30,319</u>
Cash flows from noncapital financing activities:		
Cash receipts from noncapital sources	7,338	7,728
Cash payments to noncapital sources	<u>(64,025)</u>	<u>(29,057)</u>
Net cash used in noncapital financing activities	<u>(56,687)</u>	<u>(21,329)</u>
Cash flows from investing activities - interest income	<u>496</u>	<u>477</u>
Net change in cash and equivalents	40,257	9,467
Cash and equivalents at beginning of year	<u>269,864</u>	<u>260,397</u>
Cash and equivalents at end of year	<u>\$ 310,121</u>	<u>269,864</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	96,213	35,487
Adjustments to reconcile income from operations to net cash provided by operating activities - changes in:		
Accounts receivable	2,888	(5,194)
Accounts payable and accrued expenses	<u>(2,653)</u>	<u>26</u>
Net cash provided by operating activities	<u>\$ 96,448</u>	<u>30,319</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2020 and 2019

(1) Nature of Organization

The Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts (the Association) is an entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of the Graduate Center (the School) of the City University of New York (CUNY or the University). The Association's revenue is derived primarily from student activity fees levied by a resolution of the Board of Directors of the University and collected by the School. While the Association is not a legal entity, the accompanying financial statements have been prepared on the basis of it being a separate entity.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Association's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Association is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Association is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Association's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Association to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Association or the passage of time.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Net Position, Continued

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

At June 30, 2020, the Association had no net investment in capital assets and no restricted net position.

(c) Cash and Equivalents

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

(d) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(e) Revenue Recognition

Student activity fees are recognized in the period earned. Student activity fees collected prior to year-end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(f) Donated Space and Services

The Association operates on the campus of the College and, utilizes office space and certain services made available to it as well as professional services of certain College employees. The cost savings associated with such arrangements are recorded as donated space and services and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such space and services (note 3).

(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.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Subsequent Events

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

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

(3) Donated Space and Services

The Association utilizes certain facilities provided by the College at no cost. The estimated fair value of the donated office space, which is used solely by the Association, amounted to \$330,200 and \$304,800 for the years ended June 30, 2020 and 2019, respectively. Additionally, professional services were provided by certain College employees and amounted to \$50,762 and \$39,752 for the years ended June 30, 2020 and 2019, respectively. The donated space and services are included in both revenue and expenses in the accompanying statements of revenue, expenses and changes in net position.

(4) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

- GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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Notes to Financial Statements, Continued

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

- GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 89 - "Accounting for Interest Cost Incurred Before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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Notes to Financial Statements, Continued

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

- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.