HERBERT H. LEHMAN COLLEGE
ASSOCIATION FOR CAMPUS ACTIVITIES, INC.

Financial Statements

June 30, 1998

(With Independent Auditors' Report Thereon)
Independent Auditors' Report

The Board of Directors
Herbert H. Lehman College
Association for Campus Activities, Inc.

We have audited the accompanying balance sheet of Herbert H. Lehman College Association for Campus Activities, Inc. (the "Association") as of June 30, 1998, and the related statements of activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 1998, and the changes in its fund balance and in its financial position for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 5 to the financial statements, in accordance with University policy, unexpended balances of student clubs and activities resulting from fund-raising activities are the assets of the Association. Accordingly, amounts previously recorded as amounts held for student organizations have been reclassified to fund balance. Also, the June 30, 1997 investment balance was incorrectly overstated in the June 30, 1997 financial statements. These changes and corrections were adopted on a retroactive basis and, accordingly, the 1997 fund balance has been restated.

August 21, 1998
HERBERT H. LEHMANN COLLEGE
ASSOCIATION FOR CAMPUS ACTIVITIES, INC.

Balance Sheet

June 30, 1998

Assets

Cash and cash equivalents (note 3) $ 200,999
Investments (note 4) 3,322,832
Due from Herbert H. Lehman College 95,544
Loans receivable, net of allowance of $1,634 8,731
Prepaid expenses and other assets 37,298
Fixed assets - equipment (note 7) 252,446

Total assets $ 3,917,850

Liabilities and Fund Balances

Liabilities:

Accounts payable and accrued expenses $ 33,410
Deferred revenue 40,000

Total liabilities 73,410

Fund balances - unrestricted:

Available for operations 3,591,994
Investment in fixed assets 252,446

Total fund balances 3,844,440

Total liabilities and fund balances $ 3,917,850

See accompanying notes to financial statements.
HERBERT H. LEHMAN COLLEGE  
ASSOCIATION FOR CAMPUS ACTIVITIES, INC.  

Statement of Activities  
Year ended June 30, 1998  

Revenue:  
- Student activity fees: $917,363  
- Donated services (note 6)  
- Investment income  
- Net appreciation on investments: $532,242  
- Student ID income: $13,830  
- Campus Activities Student Associations - miscellaneous: $19,145  
- Other: $20,549  

Total revenue: $1,870,041  

Expenses:  
- Student services:  
  - Student government: $64,915  
  - Athletics and recreation: $332,812  
  - Publications and promotions: $6,823  
  - Radio station: $9,883  
  - Workshop and conferences: $22,808  
  - Graduation/commencement/yearbook: $33,344  
  - Learning center: $15,204  
  - Student clubs/organizations/activities: $420,011  
  - Health care center: $200,113  

  Total student services: $1,194,170  

- Other services:  
  - Stipends: $48,648  
  - Student center: $17,381  
  - ID cards: $22,228  

  Total other services: $88,257  

- Supporting services:  
  - Management and general: $118,382  
  - Write-off of fixed assets (note 7): $351,082  

  Total supporting services: $469,464  

Total expenses: $1,663,634  

Excess of revenue over expenses: $206,407  

Fund balance at beginning of year, as restated (note 5): $3,638,033  

Fund balance at end of year: $3,844,440  

See accompanying notes to financial statements.
HERBERT H. LEHMAN COLLEGE
ASSOCIATION FOR CAMPUS ACTIVITIES, INC.

Statement of Changes in Financial Position
Year ended June 30, 1998

Resources provided:
   Excess of revenue over expenses $ 206,407
   Decrease in prepaid expenses and other assets 11,491
   Increase in deferred revenue 40,000
   Write-off of fixed assets 351,082

   Total resources provided 608,980

Resources used:
   Net appreciation on investments (532,342)
   Increase in due from Herbert H. Lehman College (25,834)
   Increase in loans receivable (8,731)
   Decrease in accounts payable and accrued expenses (29,985)
   Purchase of fixed assets (36,872)
   Purchase of investments (83,924)

   Total resources used (717,688)

   Net decrease in cash and cash equivalents (108,708)

Cash and cash equivalents at beginning of year 309,707

Cash and cash equivalents at end of year $ 200,999

See accompanying notes to financial statements.
(1) **Nature of Organization**

Herbert H. Lehman College Association for Campus Activities, Inc. (the “Association”) of The City University of New York (the “University”) is a nonprofit organization created for the principal purpose of developing and cultivating educational, social, cultural and recreational activities among students of the College. The Association’s revenue is derived primarily from student activity fees levied by a resolution of the Board of Trustees of the University and collected by Herbert H. Lehman College (the “College”). The Association was incorporated on November 27, 1984.

(2) **Summary of Significant Accounting Policies**

The significant accounting policies followed by the Association are described below:

**Basis of Presentation**

The Association’s financial statements are prepared in accordance with policies and procedures prescribed by the Governmental Accounting Standards Board (“GASB”), using the reporting model recognized by the American Institute of Certified Public Accountants (“AICPA”) Industry Audit Guide, Audits of Certain Nonprofit Organizations, as amended and modified, and described in Statement of Position 78-10, “Accounting Principles and Reporting Practices for Certain Nonprofit Organizations.”

The financial statements have been prepared on the accrual basis except that no provision has been made for the depreciation of fixed assets.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded by fund group. All of the activity of the Association in the current year is unrestricted.

**Cash Equivalents**

Cash equivalents are composed of highly liquid assets with maturities of 90 days or less.
Investments

Investments are recorded at fair value based on quoted market values.

Fixed Assets

Fixed assets are stated at cost or fair value at the date of gift if contributed. In accordance with Government Accounting Standards and with the University's accounting policies, the Association has elected not to record depreciation on fixed asset balances.

Revenue Recognition

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

Donated Services

Donated services are recognized as revenue and expense at the fair value of those services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenditures recognized during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Association has been classified by the Internal Revenue Service as exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.
HERBERT H. LEHMAN COLLEGE
ASSOCIATION FOR CAMPUS ACTIVITIES, INC.

Notes to Financial Statements

June 30, 1998

(3) **Cash and Cash Equivalents**

As of June 30, 1998, cash and cash equivalents were held by depositories and amounted to $200,999, all of which was insured.

(4) **Investments**

The Association participates in an investment pool managed by the City University of New York. Amounts are invested approximately 50% in equity stock and 50% in fixed income investments. The fair value and cost of the investments are as follows:

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<tr>
<th></th>
<th>Fair Value</th>
<th>Cost</th>
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<tr>
<td></td>
<td>$3,322,832</td>
<td>2,578,376</td>
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(5) **Restatement of Fund Balance**

In accordance with University policy, unexpended balances of student clubs and activities resulting from fund-raising activities are the assets of the Association. Accordingly, amounts previously reported as amounts held for student organizations have been reclassified to fund balance at the beginning of the year.

Also, the June 30, 1997 investment balance was incorrectly stated. The June 30, 1997 investment balance at fair value was $2,706,566 rather than the $3,020,504 as previously reported.

The effect of these restatements on the opening fund balances is as follows:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Fund balance at June 30, 1997, as</td>
<td>$3,869,664</td>
</tr>
<tr>
<td>previously reported</td>
<td>(313,998)</td>
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<tr>
<td>Less error in investment balance</td>
<td>82,367</td>
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<tr>
<td>Add reversal of unexpensed balances</td>
<td></td>
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<tr>
<td>of student clubs and activities</td>
<td></td>
</tr>
<tr>
<td>Fund balance at June 30, 1997,</td>
<td>$3,638,033</td>
</tr>
<tr>
<td>as restated</td>
<td></td>
</tr>
</tbody>
</table>

(Continued)
(6) Donated Services

The Association is allowed free use of certain facilities provided by the College. The estimated fair value of the donated space, which is used solely by the student organizations, amounted to approximately $283,000 for the year ended June 30, 1998. This donated service is included in both revenue and expenses in the accompanying statement of activities. Facilities that are shared among the Association and the other College entities, such as gymnasiums and other athletic space, are not recorded in the accompanying financial statements.

(7) Fixed Assets - Equipment

During fiscal 1998, the Association performed a physical inventory of its equipment. As a result of this procedure, $351,082 of recorded equipment was written off.