

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

Financial Statements and  
Supplementary Information

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) as of June 30, 2012 and 2011, and the related statements of revenue, expenses and changes in net assets and cash flows for the years 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 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 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 audits provide 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 Herbert H. Lehman College Association for Campus Activities, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 6 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.

*Toski & Co., CPAs, P.C.*

Williamsville, New York  
February 5, 2013

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

Management's Discussion and Analysis

June 30, 2012 and 2011

The Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) is pleased to present its financial statements for fiscal year 2012 with fiscal year 2011 prior-year data for comparative purposes. There are three financial statements presented for each fiscal year. The Statement of Net Assets; Statement of Revenue, Expenses and Changes in Net Assets; and Statement of Cash Flows.

The discussion and analysis of the Association's financial statements provide an overview of its financial activities for the year. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities and current known facts.

**Financial Highlights**

- The Association's net assets increased by \$237,757 or 11%
- Operating revenue increased by \$149,059 or 6%.
- Operating expenses decreased slightly by \$67,931 or (3%).

**Statement of Net Assets**

The Statement of Net Assets presents the assets, liabilities, and net assets of the Association as of the end of each fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a financial snapshot of the Association. The Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (fund balances). From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the organization. They are also able to determine how much the institution owes vendors (accounts payable); and, finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the Association.

**Statements of Net Assets**

The following summarizes the Association's assets, liabilities, and net assets as of June 30, 2012 and 2011, under the accrual basis of accounting:

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 600,408	322,284	278,124	86%
Noncurrent assets	<u>1,901,573</u>	<u>1,953,929</u>	<u>(52,356)</u>	(3%)
Total assets	\$ <u>2,501,981</u>	<u>2,276,213</u>	<u>225,768</u>	10%
Current liabilities	\$ <u>178,249</u>	<u>190,238</u>	<u>(11,989)</u>	(6%)

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

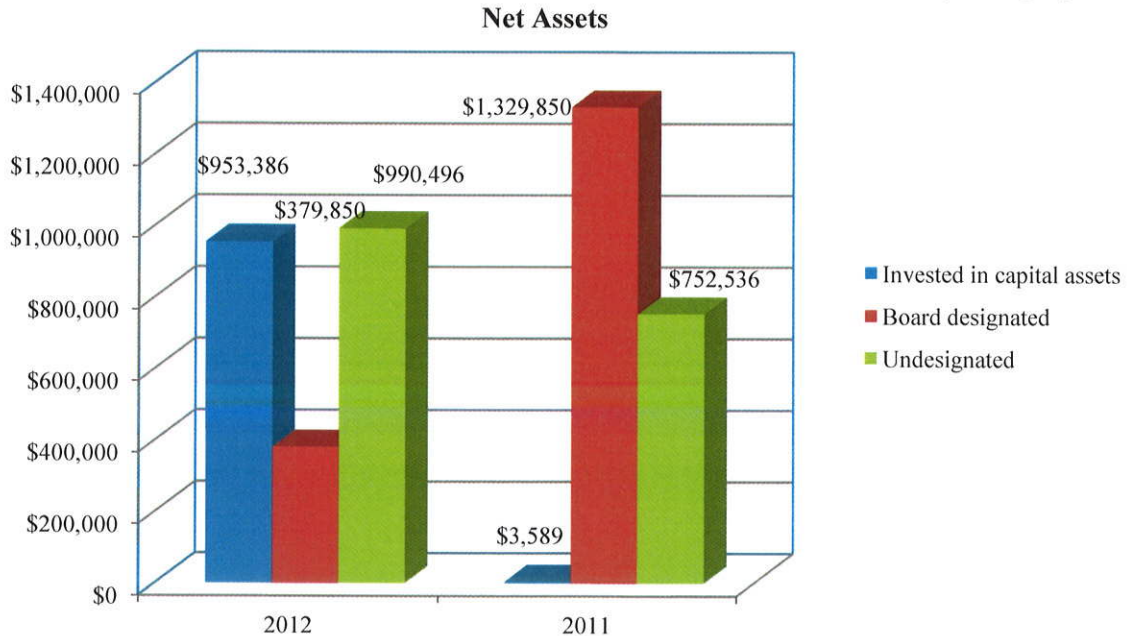
Management's Discussion and Analysis, Continued

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Net assets:				
Invested in capital assets	\$ 953,386	3,589	949,797	265%
Unrestricted:				
Board designated	379,850	1,329,850	(950,000)	(71%)
Undesignated	<u>990,496</u>	<u>752,536</u>	<u>237,960</u>	32%
Total net assets	<u>\$ 2,323,732</u>	<u>2,085,975</u>	<u>237,757</u>	11%

At June 30, 2012, the Association's total net assets increased by \$237,757 or 11%, compared to the previous year. The majority of this variance was attributable to an increase in student activity fees of \$137,364 or 8% coupled with a reduction in operating expenditures of \$67,931 or 3%.

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

The following illustrates the Association's net assets at June 30, 2012 and 2011 by category:



**Statements of Revenue, Expenses and Changes in Net Assets**

The statements of revenue, expenses and changes in net assets present the operating results of the Association, as well as non-operating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2012 and 2011, are as follows:

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

Management's Discussion and Analysis, Continued

**Revenue**

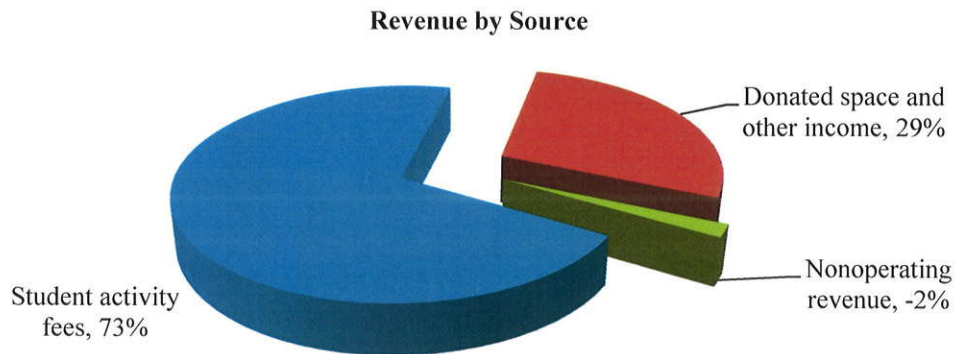
	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 1,782,330	1,644,966	137,364	8%
Donated space and services and other	<u>717,773</u>	<u>706,078</u>	<u>11,695</u>	2%
Total operating revenue	2,500,103	2,351,044	149,059	6%
Nonoperating revenue (loss)	<u>(42,560)</u>	<u>345,103</u>	<u>(387,663)</u>	(112%)
Total revenue	\$ <u>2,457,543</u>	<u>2,696,147</u>	<u>(238,604)</u>	(9%)

The Association's total revenue for the year ended June 30, 2012 amounted to \$2,457,543, a decrease of \$238,604 or 9%, compared to the previous year. The primary component of this variance related to a decrease in investment income of \$391,936 (or 124%) largely due to a downturn in the financial market. The decreases are offset by an increase in Student activity fees of \$137,364 (discussed above), a reduction in operating expenditures of \$67,931 and an increase in college support of \$17,777.

Student activity fees represented approximately 73% 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, 2012:



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

Management's Discussion and Analysis, Continued

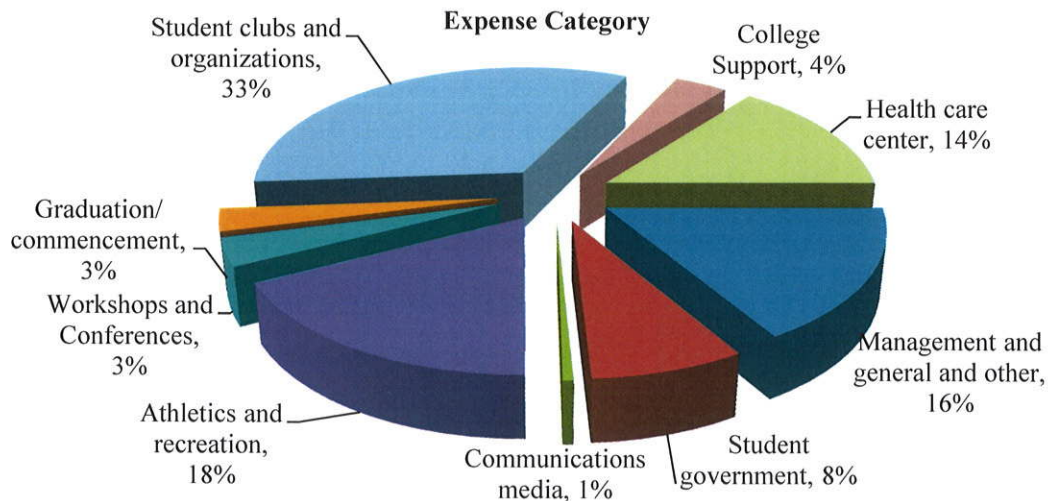
**Expenses**

	<u>2012</u>	<u>2011</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student government	\$ 170,567	105,572	64,995	62%
Communications media	13,722	12,041	1,681	14%
Workshops and conferences	75,376	76,899	(1,523)	(2%)
Graduation/commencement	62,975	65,967	(2,992)	(5%)
Student clubs and organizations	743,719	745,264	(1,545)	-
Athletics and recreation	389,685	411,341	(21,656)	(5%)
Health care center	318,900	359,478	(40,578)	(11%)
Management and general	362,966	422,262	(59,296)	(14%)
Depreciation	2,331	1,906	425	22%
Bad debt expense	-	7,442	(7,442)	(100%)
Total operating expenses	2,140,241	2,208,172	(67,931)	(3%)
Nonoperating expenses - college support	<u>79,545</u>	<u>61,768</u>	<u>17,777</u>	29%
Total expenses	\$ <u>2,219,786</u>	<u>2,269,940</u>	<u>(50,154)</u>	(2%)

Total expenses for the year ended June 30, 2012 were \$2,219,786, a decrease of \$50,154 or 2%, compared to the previous year. The major component of this variance is due to a decrease in Management and General of \$59,296, largely due to reduction of personnel. The decrease is an offset of an increase in college support of \$17,777, due to an increase in tutorial personnel, increase in Senator monthly Stipend and additional funding to support the ID Replacement program.

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, 2012:

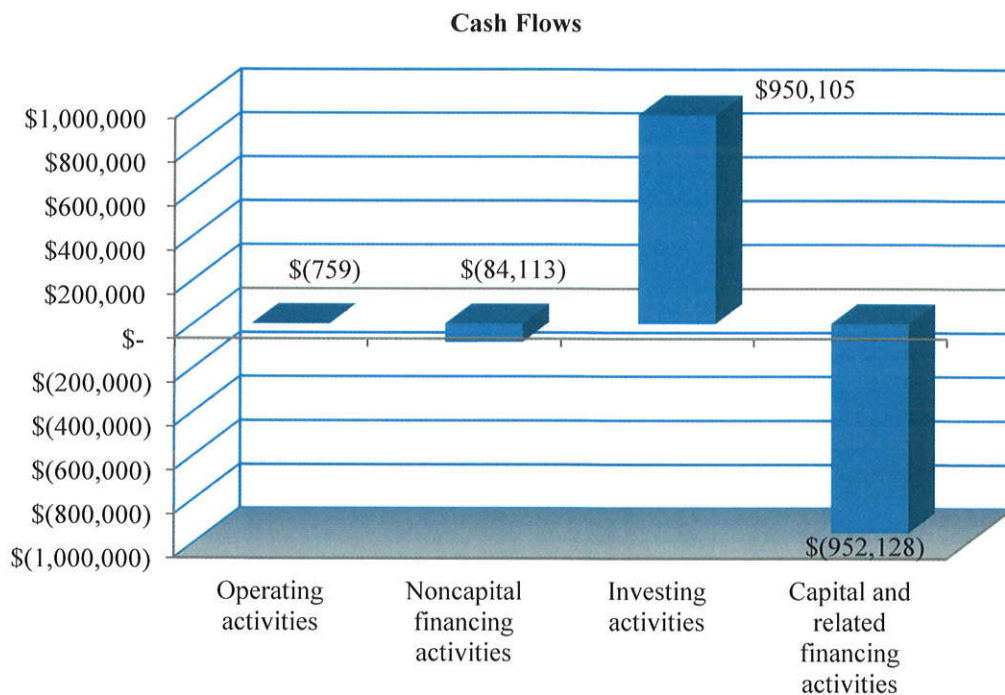


HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.

Management's Discussion and Analysis, Continued

**Cash Flows**

The statements 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, 2012:



**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.



HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.  
Statements of Net Assets  
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 63,173	150,068
Due from related parties	529,426	157,362
Student loans receivable	2,403	691
Prepaid expenses	<u>5,406</u>	<u>14,163</u>
Total current assets	<u>600,408</u>	<u>322,284</u>
Noncurrent assets:		
Investments, at fair value	948,187	1,950,340
Capital assets, net	<u>953,386</u>	<u>3,589</u>
Total noncurrent assets	<u>1,901,573</u>	<u>1,953,929</u>
Total assets	<u>\$ 2,501,981</u>	<u>2,276,213</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	98,828	96,761
Deposits held in custody for others, net	<u>79,421</u>	<u>93,477</u>
Total current liabilities	<u>\$ 178,249</u>	<u>190,238</u>
<u>Net Assets</u>		
Invested in capital assets	953,386	3,589
Unrestricted:		
Board designated	379,850	1,329,850
Undesignated	<u>990,496</u>	<u>752,536</u>
Total net assets	<u>\$ 2,323,732</u>	<u>2,085,975</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.  
Statements of Revenue, Expenses and Changes in Net Assets  
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Student activity fees	\$ 1,782,330	1,644,966
Donated space and services	679,728	679,728
Other	<u>38,045</u>	<u>26,350</u>
Total operating revenue	<u>2,500,103</u>	<u>2,351,044</u>
Operating expenses:		
Student government	170,567	105,572
Communications media	13,722	12,041
Workshops and conferences	75,376	76,899
Graduation/commencement	62,975	65,967
Student clubs and organizations	743,719	745,264
Athletics and recreation	389,685	411,341
Health care center	318,900	359,478
Management and general	362,966	422,262
Depreciation	2,331	1,906
Bad debt expense	<u>-</u>	<u>7,442</u>
Total operating expenses	<u>2,140,241</u>	<u>2,208,172</u>
Income from operations	<u>359,862</u>	<u>142,872</u>
Nonoperating revenue (expenses):		
Interest income	22,531	20,467
Net gain on investments	(74,579)	317,357
Contributions	9,488	7,279
College support	<u>(79,545)</u>	<u>(61,768)</u>
Total nonoperating revenue (expenses), net	<u>(122,105)</u>	<u>283,335</u>
Increase in net assets	237,757	426,207
Net assets at beginning of year	<u>2,085,975</u>	<u>1,659,768</u>
Net assets at end of year	<u>\$ 2,323,732</u>	<u>2,085,975</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.  
Statements of Cash Flows  
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 1,310,000	1,560,000
Other	38,045	26,350
Cash payments to/for:		
Employees' salaries and benefits	(581,467)	(830,136)
Services	(130,568)	(141,441)
Vendors	(636,769)	(505,681)
Net cash provided by (used in) operating activities	<u>(759)</u>	<u>109,092</u>
Cash flows from noncapital financing activities:		
Proceeds from deposits held in custody for others	(14,056)	1,408
College support	(79,545)	(61,768)
Contributions received	9,488	7,279
Net cash used in noncapital financing activities	<u>(84,113)</u>	<u>(53,081)</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>(952,128)</u>	<u>-</u>
Cash flows from investing activities:		
Interest	22,531	20,467
Reinvestment of interest received	(22,426)	(20,248)
Proceeds from sale of investments	950,000	-
Net cash provided by investing activities	<u>950,105</u>	<u>219</u>
Net increase (decrease) in cash and equivalents	(86,895)	56,230
Cash and equivalents at beginning of year	<u>150,068</u>	<u>93,838</u>
Cash and equivalents at end of year	<u>\$ 63,173</u>	<u>150,068</u>

(Continued)

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.  
Statements of Cash Flows, Continued

	<u>2012</u>	<u>2011</u>
Reconciliation of income from operations to net cash provided by (used in) operating activities:		
Income from operations	\$ 359,862	142,872
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities:		
Depreciation expense	2,331	1,906
Changes in:		
Due from related parties	(372,064)	21,091
Student loans receivable	(1,712)	-
Prepaid expenses	8,757	(3,906)
Accounts payable and accrued expenses	2,067	19,313
Deferred revenue	-	(72,184)
Net cash provided by (used in) operating activities	<u>\$ (759)</u>	<u>109,092</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 679,728</u>	<u>679,728</u>
Donated space and services expense	<u>\$ 679,728</u>	<u>679,728</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2012 and 2011

(1) Nature of Organization

The Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Lehman College (the College) 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 Director's of the University and collected by the College on the Association's behalf. The Association was incorporated on February 24, 1984.

(2) Summary of Significant Accounting Policies

The Association's accounting policies conform to accounting principles generally accepted in United States of America (GAAP), applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as Financial Accounting Standards Boards (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those requirements conflict with or contradict GASB pronouncements.

For financial reporting purposes, the Association is considered to be a special-purpose government 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 component unit of the University, as defined by GASB.

The significant GASB standards followed by the Association are summarized below:

- GASB Statement No. 34 - "Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments." This statement establishes the presentation format for general-purpose governments and requires that the financial statements consist of management's discussion and analysis, basic financial statements and required supplementary information.
- GASB Statement No. 35 - "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities." This statement establishes accounting and financial reporting standards for public colleges and universities and their component units within the financial reporting guidelines of GASB Statement No. 34. In accordance with this statement, the Association presents a statement of net assets; a statement of revenue, expenses and changes in net assets; and a statement of cash flows. The objectives of this statement are to enhance the understandability and usefulness of the external reports issued by public colleges and universities and their component units.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

- GASB Statement No. 37 - “Basic Financial Statements - and Management’s Discussion and Analysis for State and Local Governments: Omnibus.” Among other things, this statement clarifies the minimum requirements of management’s discussion and analysis and eliminates the requirement to capitalize construction-period interest for governmental activities as promulgated by GASB Statement No. 34. GASB Statement No. 37 was implemented simultaneously with GASB Statement No. 34.
- GASB Statement No. 38 - “Certain Financial Statement Note Disclosures.” Among other things, this statement establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions and disaggregation of receivable and payable balances. GASB Statement No. 38 was implemented simultaneously with GASB Statement No. 34.
- GASB Statement No. 40 - “Deposits and Investment Risk Disclosures.” This statement establishes and modifies disclosure requirements related to the following investment and deposit risks:
  - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
  - Custodial credit risk:
    - Deposits - risk that the Association will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party in the event of failure of a depository financial institution.
    - Investments - risk that the entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the entity) of a transaction.
  - Concentration of credit risk is the risk of loss attributed to the magnitude of the Association’s investment in a single institution or issuer.
  - Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair market value of the investment or deposit.
  - Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(a) Net Assets

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

Invested 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 assets subject to externally imposed stipulations requiring the Association to maintain them in perpetuity.

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

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

At June 30, 2012, the Association had no restricted net assets.

(b) Cash and Equivalents

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

(c) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Association's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$1,000 or more for computer hardware and \$5,000 or more for all other furniture and equipment; and \$25,000 or more for building improvements. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful life of furniture, fixtures and equipment is five years and the estimated useful life of building improvements is 25 years.

(d) Investments

The Association records its investments at fair value based on quoted market prices, with changes in fair value of investments recorded in the statements of revenue, expenses and changes in net assets.

(e) Revenue Recognition

Operating revenue is recognized in the period earned and is primarily derived from student activity fees. Fees that are collected prior to year-end, if any, relating to the subsequent year are recorded as deferred revenue.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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. 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 facilities and services (note 5).

(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 assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(h) Use of Estimates

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Subsequent Events

The Association has evaluated events after June 30, 2012, and through February 5, 2013, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(j) Income Taxes

The Association 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 Association has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Association 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 Association has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Association are subject to examination by taxing authorities. The Association is no longer subject to tax examination for the years ended June 30, 2008, and prior.

(k) Reclassifications

Reclassifications have been made to certain 2011 balances in order to conform them to the 2012 presentation.



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

Notes to Financial Statements, Continued

(3) Cash and Equivalents and Investments

(a) Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that the Association's deposits may not be returned in the event of a bank failure. At June 30, 2012, the Association's bank balance of \$93,724 was fully FDIC insured.

(b) Custodial Credit Risk - Investments

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Association will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2012, the Association's entire investment portfolio balance of \$948,187 was exposed to custodial credit risk, as it was uninsured and uncollateralized. The Association's investments amounting to \$948,187 and \$1,950,340 at June 30, 2012 and 2011, respectively, are held by CUNY in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the Committee). Several investment advisory firms are engaged to assist the Committee in its Investment Pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, U.S. agency mortgage-backed securities, U.S. government bonds, and foreign bonds.

(4) Capital Assets

At June 30, 2012 and 2011, capital assets consisted of the following:

	2012			
	Beginning balance	Additions	Disposals	Ending balance
Construction in Progress	\$ -	950,000	-	950,000
Furniture and equipment	193,772	2,128	-	195,900
Less accumulated depreciation	(190,183)	(2,331)	-	(192,514)
Capital assets, net	\$ <u>3,589</u>	<u>949,797</u>	<u>-</u>	<u>953,386</u>
	2011			
	Beginning balance	Additions	Disposals	Ending balance
Furniture and equipment	\$ 193,772	-	-	193,772
Less accumulated depreciation	(188,277)	(1,906)	-	(190,183)
Capital assets, net	\$ <u>5,495</u>	<u>(1,906)</u>	<u>-</u>	<u>3,589</u>

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

Notes to Financial Statements, Continued

(5) Donated Space and Services

The Association utilizes certain facilities and professional services provided by the College. The estimated fair values of facilities and salaries are included in the accompanying statements of revenue, expenses and changes in net assets. Professional services and facilities for the years ended June 30, 2012 and 2011 amounted to \$679,728.

(6) Related Party Transactions

At June 30, 2012 and 2011, the Association was owed \$529,426 and \$157,362, respectively, from Lehman College. The Association is occasionally required to transfer funds to/from Lehman College during the course of the year for payroll reimbursement and other costs.

The Association has invested \$948,187 and \$1,950,340 as of June 30, 2012 and 2011, respectively, in the CUNY Investment Pool (note 3(b)).

The Association paid \$950,000 to the City University Construction Fund for the Campus Life renovation.

(7) Deposits Held in Custody for Others

At June 30, 2012 and 2011, the Association held \$79,421 and \$93,477, respectively, which related to deposits held in custody for others, and is comprised of funds which are held on behalf of various other Lehman College departments.

(8) Board Designated Net Assets

At June 30, 2009, Board of Directors of the Association designated \$1,500,000 of unrestricted funds as a reserve for renovation and furniture of the Student Life Building. As of June 30, 2012, the balance of this fund is \$379,850 of which \$109,715 is for Student Life Building renovation (note 6), \$13,578 for Emergency Loan fund, and \$256,557 for Health Care Center Reserve fund. As of June 30, 2011, the balance of the fund was \$1,329,850 of which \$1,059,715 is for Student Life Building renovation, \$13,578 for Emergency Loan fund, and \$256,557 for Health Care Center Reserve fund.

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FOR CAMPUS ACTIVITIES, INC.

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement incorporates into the GASB's authoritative literature the applicable guidance issued before November 30, 1989 from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. The requirements of the statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning July 1, 2012 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows are the consumption and acquisition of net assets by a governmental entity that is applicable to a future reporting period. This statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning July 1, 2012 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 64 - "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53" clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for periods beginning after June 15, 2011, which is the fiscal year beginning July 1, 2012 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

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

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 66 - "Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62" improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" and No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.

(10) Subsequent Event

Hurricane Sandy came to the New York City area on Sunday, October 28, 2012 and resulted in classes and other college related activities being cancelled from Monday, October 29 through Thursday, November 1, 2012. Costs of clean up for all locations, including capital improvements, required due to storm damage are expected to be covered either by insurance by the Dormitory Authority of the State of New York (DASNY) for those buildings under DASNY coverage or by the Federal Emergency Management Agency.