

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

Financial Statements and
Supplementary Information

June 30, 2014 and 2013

(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.:

Report on the Financial Statements

We have audited the accompanying financial statements of Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) as of and for the years ended June 30, 2014 and 2013, 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 Herbert H. Lehman College Association for Campus Activities, Inc. as of June 30, 2014 and 2013, 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.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
November 18, 2014

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

Management's Discussion and Analysis

June 30, 2014 and 2013

The Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) is pleased to present its financial statements for fiscal year 2014 with fiscal year 2013 prior-year data for comparative purposes. There are three financial statements presented for each fiscal year. The Statement of Net position; Statement of Revenue, Expenses and Changes in Net Position; and Statement of Cash Flows.

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

Financial Highlights

- The Association's net position increased by \$45,808 or 2% from the prior fiscal year.
- Operating revenues totaled \$2,430,583 and increased \$49,257 or 2% from the prior fiscal year.
- Operating expenses totaled \$2,439,537 and decreased \$160,893 or 6% from the prior fiscal year.
- Net operating cash flows decreased \$566,058 from the prior fiscal year due to changes in the way student activities fees were remitted to the Association.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Association for the fiscal year ended June 30, 2014. The purpose of the Statement of Net Position is to present to the readers of the financial statements a financial snapshot of the Association. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), liabilities (current), and net position (net investment in capital assets and unrestricted). From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Association. They are also able to determine how much the Association owes vendors (accounts payable). The statement of net position provides a picture of the Association's financial ability to maintain its operations.

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

Management's Discussion and Analysis, Continued

Statements of Net Position

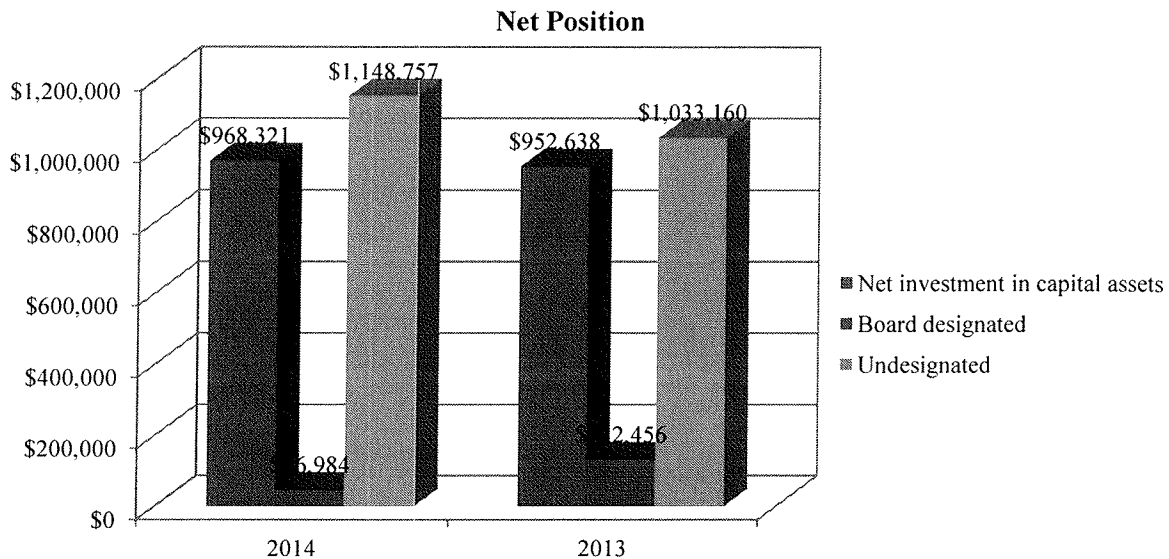
The following summarizes the Association's assets, liabilities, and net position as of June 30, 2014 and 2013, under the accrual basis of accounting:

| | <u>2014</u> | <u>2013</u> | <u>Dollar change</u> | <u>Percent change</u> |
|----------------------------------|---------------------|------------------|--------------------------|---------------------------|
| Assets: | | | | |
| Current assets | \$ 603,244 | 419,046 | 184,198 | 44% |
| Noncurrent assets | <u>1,835,675</u> | <u>1,988,982</u> | <u>(153,307)</u> | (8%) |
| Total assets | <u>2,438,919</u> | <u>2,408,028</u> | <u>30,891</u> | 1% |
| Current liabilities | <u>274,857</u> | <u>289,774</u> | <u>(14,917)</u> | (5%) |
| Net position: | | | | |
| Net investment in capital assets | 968,321 | 952,638 | 15,683 | 2% |
| Unrestricted: | | | | |
| Board designated | 46,984 | 132,456 | (85,472) | (65%) |
| Undesignated | <u>1,148,757</u> | <u>1,033,160</u> | <u>115,597</u> | 11% |
| Total net position | <u>\$ 2,164,062</u> | <u>2,118,254</u> | <u>45,808</u> | 2% |

At June 30, 2014, the Association's total net position increased by \$45,808 or 2%, compared to the prior fiscal year. The majority of this variance was due to increased returns on the Association's investments in the CUNY investment pool.

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, 2014 and 2013 by category:



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

Management's Discussion and Analysis, Continued

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, 2014 and 2013 are as follows:

Revenue

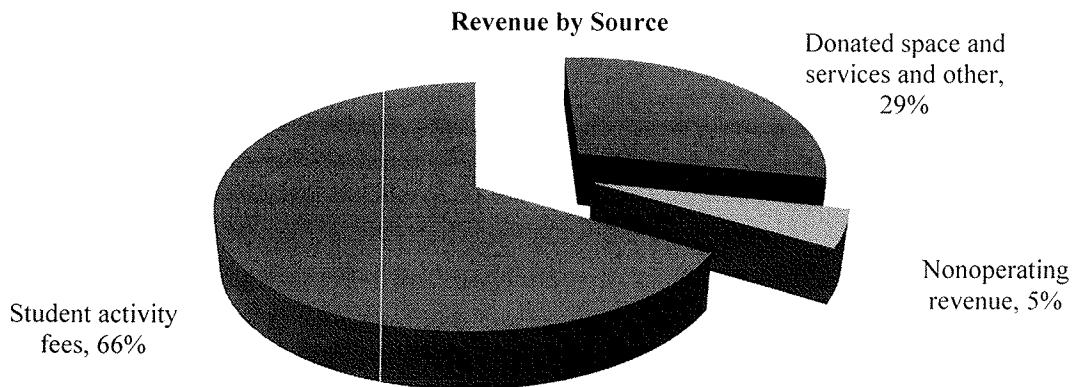
| | <u>2014</u> | <u>2013</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---|---------------------|------------------|--------------------------|---------------------------|
| Operating revenue: | | | | |
| Student activity fees | \$ 1,692,684 | 1,646,509 | 46,175 | 3% |
| Donated space and services and other | <u>737,899</u> | <u>734,817</u> | <u>3,082</u> | 1% |
| Total operating revenue | 2,430,583 | 2,381,326 | 49,257 | 2% |
| Nonoperating revenue | <u>130,154</u> | <u>92,396</u> | <u>37,758</u> | 41% |
| Total revenue | \$ <u>2,560,737</u> | <u>2,473,722</u> | <u>87,015</u> | 4% |

The Association's total revenue for the year ended June 30, 2014 was \$2,560,737, an increase of \$87,015 or 4%, compared to the previous fiscal year. The primary components of this variance is from increased revenue from student activity fees and investment income (nonoperating revenue) which were \$46,175 and \$37,758 respectively. The student activity fees increased as a result of an increase in the number of summer sessions in which this fee applied. The increase in investment income resulted from increased returns on the Association's investments.

Student activity fees represented approximately 66% of total revenue and, accordingly, the Association is dependent upon this 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, 2014:



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

Management's Discussion and Analysis, Continued

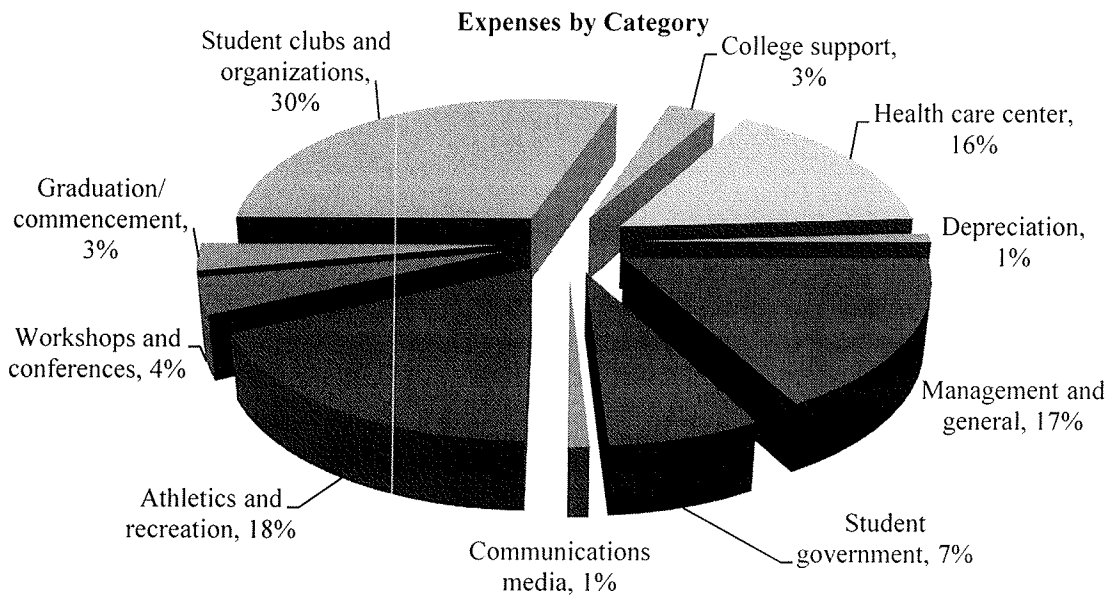
Expenses

| | <u>2014</u> | <u>2013</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---|---------------------|------------------|--------------------------|---------------------------|
| Operating expenses: | | | | |
| Student government | \$ 181,219 | 146,648 | 34,571 | 24% |
| Communications media | 4,566 | 5,815 | (1,249) | (21%) |
| Workshops and conferences | 102,362 | 89,355 | 13,007 | 15% |
| Graduation/commencement | 70,638 | 69,900 | 738 | 1% |
| Student clubs and organizations | 769,770 | 764,460 | 5,310 | 1% |
| Athletics and recreation | 478,695 | 455,700 | 22,995 | 5% |
| Health care center | 400,297 | 389,858 | 10,439 | 3% |
| Management and general | 427,537 | 677,946 | (250,409) | (37%) |
| Depreciation | <u>4,453</u> | <u>748</u> | <u>3,705</u> | 495% |
| Total operating expenses | 2,439,537 | 2,600,430 | (160,893) | (6%) |
| Nonoperating expenses - College support | <u>75,392</u> | <u>78,770</u> | <u>(3,378)</u> | (4%) |
| Total expenses | \$ <u>2,514,929</u> | <u>2,679,200</u> | <u>(164,271)</u> | (6%) |

Total expenses for the year ended June 30, 2014 were \$2,514,929, a decrease of \$164,271 or 6%, from the prior fiscal year. The major component of this variance was due to a decrease in management and general expense of \$250,409, as a result of a non-recurring furniture purchase for the new campus life building that was made in fiscal year 2013.

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, 2014:



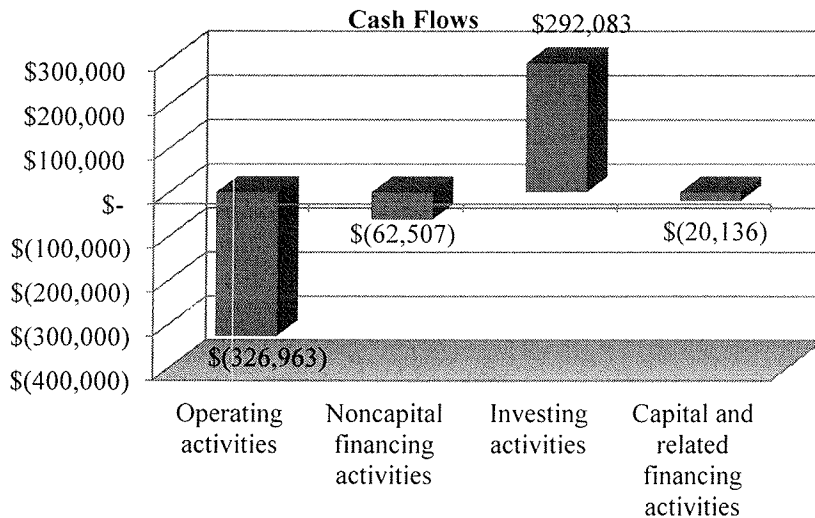
HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.

Management's Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about the receipt and disbursement of cash by the Association. This statement assists users in assessing the Association's ability to maintain enough cash to meet its obligations as they come due and to measure its dependency on external financing. For the fiscal year ended June 30, 2014, net cash flow provided by operating activities decreased \$566,058 from the previous year due to a change in the way student activity fees were remitted to the Association. Prior to fiscal year 2014 the cash associated with these fees were remitted from the College when billed on the student's accounts. Beginning with fiscal year 2014 these fees are being remitted after the monies have been paid by the students. This timing difference affected the net cash available to the Association in fiscal year 2014.

The following summarizes the categories of the Association's cash flows for the year ended June 30, 2014:



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 Position
June 30, 2014 and 2013

| <u>Assets</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|
| Current assets: | | |
| Cash and equivalents | \$ 99,233 | 216,756 |
| Due from related parties | 492,548 | 190,925 |
| Student loans receivable | 2,403 | 2,403 |
| Prepaid expenses | 9,060 | 8,962 |
| Total current assets | <u>603,244</u> | <u>419,046</u> |
| Noncurrent assets: | | |
| Investments, at fair value | 867,354 | 1,036,344 |
| Capital assets, net | 968,321 | 952,638 |
| Total noncurrent assets | <u>1,835,675</u> | <u>1,988,982</u> |
| Total assets | <u>2,438,919</u> | <u>2,408,028</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 198,664 | 136,842 |
| Unearned revenue | 1,929 | 84,492 |
| Deposits held in custody for others, net | 74,264 | 68,440 |
| Total current liabilities | <u>274,857</u> | <u>289,774</u> |
| <u>Net Position</u> | | |
| Net investment in capital assets | 968,321 | 952,638 |
| Unrestricted: | | |
| Board designated | 46,984 | 132,456 |
| Undesignated | 1,148,757 | 1,033,160 |
| Total net position | <u>\$ 2,164,062</u> | <u>2,118,254</u> |

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------|---------------------|------------------|
| Operating revenue: | | |
| Student activity fees | \$ 1,692,684 | 1,646,509 |
| Donated space and services | 695,610 | 695,610 |
| Other | <u>42,289</u> | <u>39,207</u> |
| Total operating revenue | <u>2,430,583</u> | <u>2,381,326</u> |
| Operating expenses: | | |
| Student government | 181,219 | 146,648 |
| Communications media | 4,566 | 5,815 |
| Workshops and conferences | 102,362 | 89,355 |
| Graduation/commencement | 70,638 | 69,900 |
| Student clubs and organizations | 769,770 | 764,460 |
| Athletics and recreation | 478,695 | 455,700 |
| Health care center | 400,297 | 389,858 |
| Management and general | 427,537 | 677,946 |
| Depreciation | <u>4,453</u> | <u>748</u> |
| Total operating expenses | <u>2,439,537</u> | <u>2,600,430</u> |
| Loss from operations | <u>(8,954)</u> | <u>(219,104)</u> |
| Nonoperating revenue (expenses): | | |
| Interest income | 6,694 | 14,699 |
| Net gain on investments | 116,399 | 73,653 |
| Contributions | 7,061 | 4,044 |
| College support | <u>(75,392)</u> | <u>(78,770)</u> |
| Total nonoperating revenue, net | <u>54,762</u> | <u>13,626</u> |
| Increase (decrease) in net position | 45,808 | (205,478) |
| Net position at beginning of year | <u>2,118,254</u> | <u>2,323,732</u> |
| Net position at end of year | <u>\$ 2,164,062</u> | <u>2,118,254</u> |

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Cash Flows
Years ended June 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Student activity fees | \$ 1,282,731 | 2,226,564 |
| Other | 42,289 | 39,207 |
| Cash payments to/for: | | |
| Employees' salaries and benefits | (862,427) | (1,065,316) |
| Services | (119,721) | (127,376) |
| Vendors | <u>(669,835)</u> | <u>(833,984)</u> |
| Net cash provided by (used in) operating activities | <u>(326,963)</u> | <u>239,095</u> |
| Cash flows from noncapital financing activities: | | |
| Increase (decrease) in deposits held in custody for others, net | 5,824 | (10,981) |
| College support | (75,392) | (78,770) |
| Contributions | <u>7,061</u> | <u>4,044</u> |
| Net cash used in noncapital financing activities | <u>(62,507)</u> | <u>(85,707)</u> |
| Cash flows from capital and related financing activities - purchase of capital assets | <u>(20,136)</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Interest income | 6,694 | 14,699 |
| Reinvestment of interest received | (6,611) | (14,504) |
| Proceeds from sale of investments | <u>292,000</u> | <u>-</u> |
| Net cash provided by investing activities | <u>292,083</u> | <u>195</u> |
| Net increase (decrease) in cash and equivalents | (117,523) | 153,583 |
| Cash and equivalents at beginning of year | <u>216,756</u> | <u>63,173</u> |
| Cash and equivalents at end of year | <u>\$ 99,233</u> | <u>216,756</u> |

(Continued)

See accompanying notes to financial statements.

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

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|----------------|
| Reconciliation of loss from operations to net cash provided by (used in) operating activities: | | |
| Loss from operations | \$ (8,954) | (219,104) |
| Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 4,453 | 748 |
| Changes in: | | |
| Due from related parties | (301,623) | 338,501 |
| Prepaid expenses | (98) | (3,556) |
| Accounts payable and accrued expenses | 61,822 | 38,014 |
| Unearned revenue | <u>(82,563)</u> | <u>84,492</u> |
| Net cash provided by (used in) operating activities | <u>\$ (326,963)</u> | <u>239,095</u> |
| Supplemental schedule of cash flow information: | | |
| Donated space and services revenue | <u>\$ 695,610</u> | <u>695,610</u> |
| Donated space and services expense | <u>\$ 695,610</u> | <u>695,610</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2014 and 2013

(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

(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 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 discretely presented component unit of the University, as defined by GASB.

(b) New Accounting Pronouncements

For the year ended June 30, 2013, the Association adopted the provisions of the following GASB Statements:

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." 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.
- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This statement established 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 or liabilities.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) 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.

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

At June 30, 2014, the Association had no restricted net position.

(d) Cash and Equivalents

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

(e) 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.

(f) 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 position.

(g) Receivables

Receivables 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.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) 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 unearned revenue.

(i) 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).

(j) 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.

(k) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) 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.

(m) 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, 2010, and prior.

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, 2014, none of the Association's bank balance was exposed to custodial credit risk.

(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, 2014, the Association's entire investment portfolio balance of \$867,354 was exposed to custodial credit risk, as it was uninsured and uncollateralized. The Association's investments amounting to \$867,354 and \$1,036,344 at June 30, 2014 and 2013, 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, 2014 and 2013, capital assets consisted of the following:

| | 2014 | | | |
|-------------------------------|----------------------|---------------|-----------|-------------------|
| | Beginning balance | Additions | Disposals | Ending balance |
| Construction in progress | \$ 950,000 | - | - | 950,000 |
| Furniture and equipment | 195,900 | 20,136 | - | 216,036 |
| Less accumulated depreciation | (193,262) | (4,453) | - | (197,715) |
| Capital assets, net | \$ <u>952,638</u> | <u>15,683</u> | <u>-</u> | <u>968,321</u> |
| | 2013 | | | |
| | Beginning balance | Additions | Disposals | Ending balance |
| Construction in progress | \$ 950,000 | - | - | 950,000 |
| Furniture and equipment | 195,900 | - | - | 195,900 |
| Less accumulated depreciation | (192,514) | (748) | - | (193,262) |
| Capital assets, net | \$ <u>953,386</u> | <u>(748)</u> | <u>-</u> | <u>952,638</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 position. Professional services and facilities amounted to \$695,610 for the years ended June 30, 2014 and 2013.

(6) Related Party Transactions

At June 30, 2014 and 2013, the Association was owed \$492,548 and \$190,925, 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 \$867,354 and \$1,036,344 as of June 30, 2014 and 2013, respectively, in the CUNY Investment Pool (note 3(b)).

During 2012, the Association paid \$950,000 to the City University Construction Fund for the Student Life Building renovations, which is included as construction in progress in the capital assets.

(7) Deposits Held in Custody for Others

At June 30, 2014 and 2013, the Association held \$74,264 and \$68,440, 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 Position

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, 2014, the balance of this fund is \$46,984 of which \$32,039 is for Student Life Building renovation (note 6) and \$14,945 for Emergency Loan fund. As of June 30, 2013, the balance of this fund is \$132,456 of which \$117,511 is for Student Life Building renovation (note 6) and \$14,945 for Emergency Loan 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. 68 - “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27” replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning July 1, 2014 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 69 - “Government Combinations and Disposals of Government Operations” establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning July 1, 2014 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 71 - “Pension Transition for Contributions Made Subsequent to the Measurement Date” addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions.” This statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the Association implements GASB Statement No. 68. This statement is not expected to have a material effect on the financial statements of the Association.