

**FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

June 30, 2008

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Management's Discussion and Analysis

The intent of management's discussion and analysis ("MD&A") is to provide readers with a comprehensive overview of the Herbert H. Lehman College Association for Campus Activities, Inc.'s (the "Association") financial position as of June 30, 2008, and changes in its net assets 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 footnotes.

Financial Highlights

- The Association's net assets decreased by \$595,854 or 19%.
- Total operating revenues decreased by \$4,880, compared to the previous year. The major component of this variance related to a decrease in student activity fees of \$4,361, due to an increase in waived student association fees.
- Total operating expenses increased by \$171,675 or 9%, compared to the previous year. The major components of this variance related to increases in student government of \$72,400; athletics and recreation of \$37,902; and health care center of \$37,496.

Financial Position

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

Statement of Net Assets

The following summarizes the Association's assets, liabilities, and net assets as of June 30, 2008 and 2007, under the accrual basis of accounting:

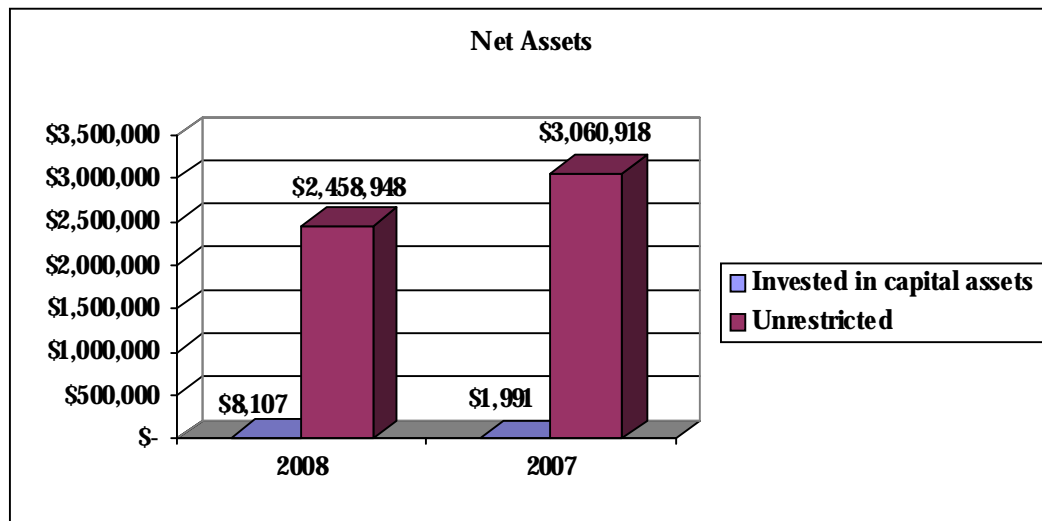
	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 322,205	\$ 316,904	\$ 5,301	2 %
Noncurrent assets	<u>2,382,039</u>	<u>2,990,353</u>	<u>(608,314)</u>	<u>(20)%</u>
Total assets	<u>\$ 2,704,244</u>	<u>\$ 3,307,257</u>	<u>\$ (603,013)</u>	<u>(18)%</u>
 Total current liabilities	 <u>\$ 237,189</u>	 <u>\$ 244,348</u>	 <u>\$ (7,159)</u>	 <u>(3)%</u>
 Net assets:				
Invested in capital assets	\$ 8,107	\$ 1,991	\$ 6,116	307 %
Unrestricted:				
Board designated (Note G)	880,000	-	880,000	100 %
Undesignated	<u>1,578,948</u>	<u>3,060,918</u>	<u>(1,481,970)</u>	<u>(48)%</u>
Total net assets	<u>\$ 2,467,055</u>	<u>\$ 3,062,909</u>	<u>\$ (595,854)</u>	<u>(19)%</u>

Management's Discussion and Analysis

At June 30, 2008, the Association's total assets decreased by \$603,013 or 18%, compared to the previous year. The major component of this variance was attributable to a \$253,731, net loss in long-term investments, due to a downturn in the financial markets. This loss caused a nonoperating revenue swing of \$693,273 from fiscal year 2007 to 2008.

At June 30, 2008, the Association's total current liabilities decreased by \$7,159 or 3%, compared to the previous year, primarily due to the decrease of deferred revenue of \$14,000 from the prior fiscal year. The Association received fewer advance payments for student activity fees at year-end, resulting in a decrease in deferred revenue.

The following illustrates the Association's net assets, by category, for fiscal years 2008 and 2007:



Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the Association, as well as nonoperating revenues and expenses, if any. The major components of revenues and expenses for the years ended June 30, 2008 and 2007 follow:

Revenues

	2008	2007	Dollar Change	Percent Change
Operating revenues:				
Student activity fees	\$ 1,106,020	\$ 1,110,381	\$ (4,361)	-
Donated space and other income	<u>678,007</u>	<u>678,526</u>	<u>(519)</u>	-
Total operating revenues	<u>1,784,027</u>	<u>1,788,907</u>	<u>(4,880)</u>	-
Nonoperating revenues (losses)	<u>(226,196)</u>	<u>445,914</u>	<u>(672,110)</u>	<u>(151)%</u>
Total revenues	<u>\$ 1,557,831</u>	<u>\$ 2,234,821</u>	<u>\$ (676,990)</u>	<u>(30)%</u>

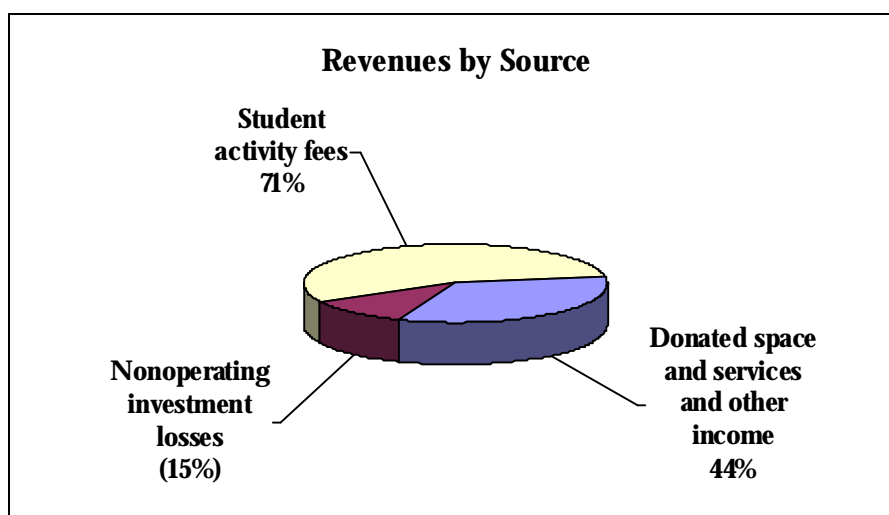
Management's Discussion and Analysis

The Association's total revenues for fiscal 2008 were \$1,557,831, a decrease of \$676,990 or 30%, compared to the previous year. The major components of this variance were related to decreases resulting from net depreciation on investments of \$302,126, which caused a year over year swing of \$693,273, including interest income.

Student activity fees represented 71% of the 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 revenues.

The following illustrates the Association's revenues, by source, for the year ended June 30, 2008:



Expenses

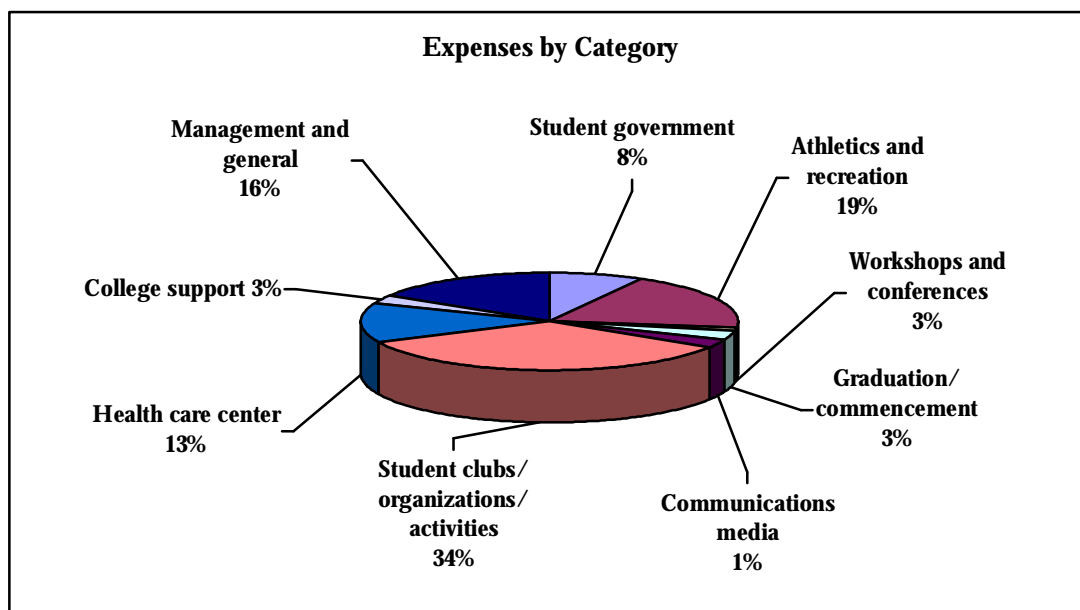
	2008	2007	Dollar Change	Percent Change
Operating expenses:				
Student government	\$ 179,615	\$ 107,215	\$ 72,400	68 %
Athletics and recreation	410,260	372,358	37,902	10 %
Communications media	11,700	12,932	(1,232)	(10)%
Workshops and conferences	61,893	35,913	25,980	72 %
Graduation/commencement	53,862	51,135	2,727	5 %
Student clubs/organizations/activities	726,076	710,787	15,289	2 %
Health care center	297,557	260,061	37,496	14 %
Management and general	342,221	361,900	(19,679)	(5)%
Depreciation	<u>1,795</u>	<u>1,003</u>	<u>792</u>	<u>79 %</u>
Total operating expenses	2,084,979	1,913,304	171,675	9 %
Nonoperating expense - College support	<u>68,706</u>	<u>61,537</u>	<u>7,169</u>	<u>12 %</u>
Total expenses	<u>\$ 2,153,685</u>	<u>\$ 1,974,841</u>	<u>\$ 178,844</u>	<u>9 %</u>

Management's Discussion and Analysis

Total expenses for fiscal 2008 were \$2,153,685, an increase of \$178,844 or 9%, compared to the previous year. The major components of this variance were related to increases in student government of \$72,400, athletics and recreation of \$37,902 and health care center of \$37,496, due to increased budget allocation to these programs.

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

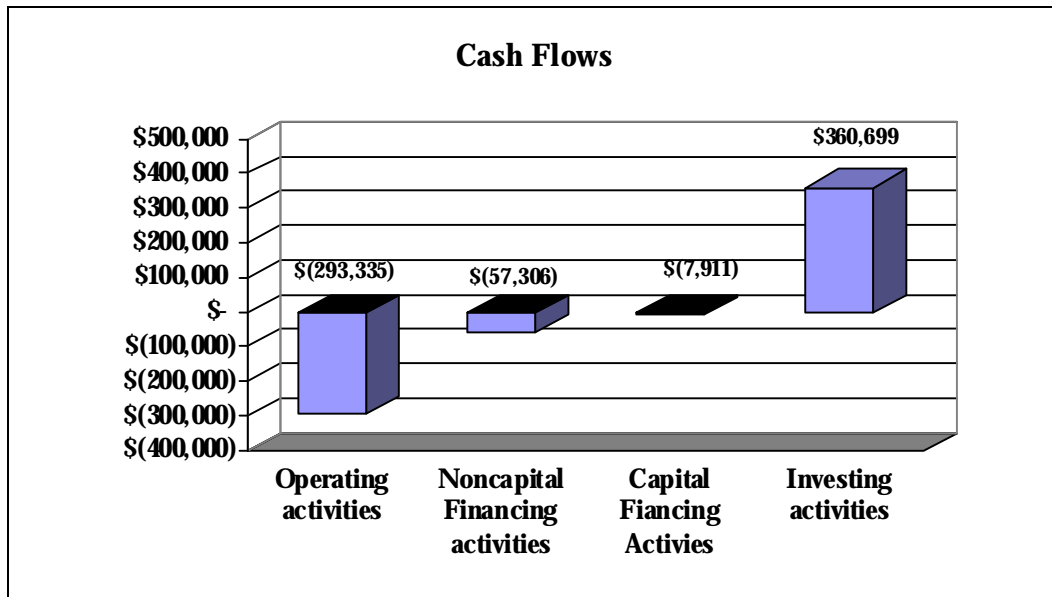
The following illustrates the Association's expenses, by category, for the year ended June 30, 2008:



CASH FLOWS

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement helps users 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, 2008:

Management's Discussion and Analysis



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 revenues earned and related expenses incurred.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements, as listed in the table of contents, of the Herbert H. Lehman College Association for Campus Activities, Inc. (the "Association") as of and for the year ended June 30, 2008. 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. The prior year comparative information has been derived from the Association's fiscal 2007 financial statements and, in our report dated December 18, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis ("MD&A") presented on pages 1 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America for entities reporting under *Governmental Accounting Standards*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information comprising MD&A and, accordingly, express no opinion on it.

GRANT THORNTON LLP

New York, New York
February 16, 2009

Herbert H. Lehman College Association for Campus Activities, Inc.

STATEMENT OF NET ASSETS

As of June 30, 2008, with comparative information for 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents (Note C)	\$ 98,135	\$ 95,988
Due from Lehman College (Note E)	88,415	60,987
Student loans receivable	1,115	2,348
Prepaid expenses	<u>134,540</u>	<u>157,581</u>
Total current assets	322,205	316,904
Noncurrent assets:		
Long-term investments (Note C)	2,373,932	2,988,362
Capital assets, net (Note D)	<u>8,107</u>	<u>1,991</u>
Total assets	<u>\$2,704,244</u>	<u>\$ 3,307,257</u>
 <u>LIABILITIES</u> 		
Current liabilities:		
Accounts payable and accrued expenses	\$ 76,918	\$ 72,828
Deferred revenue	70,000	84,000
Deposits held in custody for others (Note E)	<u>90,271</u>	<u>87,520</u>
Total current liabilities	<u>\$ 237,189</u>	<u>\$ 244,348</u>
 <u>NET ASSETS</u> 		
Net assets:		
Invested in capital assets	\$ 8,107	\$ 1,991
Unrestricted:		
Board designated (Note G)	880,000	-
Undesignated	<u>1,578,948</u>	<u>3,060,918</u>
Total net assets	<u>\$ 2,467,055</u>	<u>\$ 3,062,909</u>

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Association for Campus Activities, Inc.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2008, with comparative information for 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Student activity fees	\$ 1,106,020	\$ 1,110,381
Donated space (Note F)	655,452	655,452
Other	<u>22,555</u>	<u>23,074</u>
Total operating revenues	<u>1,784,027</u>	<u>1,788,907</u>
Operating expenses:		
Student government	179,615	107,215
Athletics and recreation	410,260	372,358
Communications media	11,700	12,932
Workshops and conferences	61,893	35,913
Graduation/commencement	53,862	51,135
Student clubs/organization/activities	726,076	710,787
Health care center	297,557	260,061
Management and general	342,221	361,900
Depreciation	<u>1,795</u>	<u>1,003</u>
Total operating expenses	<u>2,084,979</u>	<u>1,913,304</u>
Loss from operations	<u>(300,952)</u>	<u>(124,397)</u>
Nonoperating revenues (expenses and losses):		
Interest income	48,395	501
Net (depreciation) appreciation on investments	(302,126)	439,041
Contributions (Note E)	27,535	6,372
College support (Note E)	<u>(68,706)</u>	<u>(61,537)</u>
Total nonoperating revenues (expenses and losses)	<u>(294,902)</u>	<u>384,377</u>
(Decrease) increase in net assets	(595,854)	259,980
Net assets, beginning of year	<u>3,062,909</u>	<u>2,802,929</u>
Net assets, end of year	<u>\$ 2,467,055</u>	<u>\$ 3,062,909</u>

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Association for Campus Activities, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2008, with comparative information for 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 1,080,000	\$ 1,085,000
Other	22,555	23,074
Cash payments to/for:		
Salaries, benefits and taxes	(786,494)	(807,441)
Conferences, conventions and meeting	(209,116)	(120,563)
Vendors and other	(400,280)	(347,326)
Net cash used in operating activities	<u>(293,335)</u>	<u>(167,256)</u>
Cash flows from noncapital financing activities:		
Proceeds from deposits held in custody for others	2,751	4,903
College support	(68,706)	(61,537)
(Payments) proceeds due from Lehman College	(18,886)	1,219
Contributions	27,535	6,372
Net cash used in noncapital financing activities	<u>(57,306)</u>	<u>(49,043)</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>(7,911)</u>	<u>-</u>
Cash flows from investing activities:		
Interest	699	501
Proceeds from sale of investments	360,000	200,000
Net cash provided by investing activities	<u>360,699</u>	<u>200,501</u>
Net increase (decrease) in cash and cash equivalents	2,147	(15,798)
Cash and cash equivalents, beginning of year	<u>95,988</u>	<u>111,786</u>
Cash and cash equivalents, end of year	<u>\$ 98,135</u>	<u>\$ 95,988</u>

Herbert H. Lehman College Association for Campus Activities, Inc.

STATEMENT OF CASH FLOWS (continued)

For the year ended June 30, 2008, with comparative information for 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (300,952)	\$ (124,397)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	1,795	1,003
Changes in assets and liabilities:		
Increase in due from Lehman College	(8,542)	(5,688)
Decrease (increase) in student loans receivable	1,233	(445)
Decrease (increase) in prepaid expenses	23,041	(18,032)
Increase (decrease) in accounts payable and accrued expenses	4,090	(3,697)
Decrease in deferred revenue	<u>(14,000)</u>	<u>(16,000)</u>
Net cash used in operating activities	<u>\$ (293,335)</u>	<u>\$ (167,256)</u>

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2008

NOTE A - 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 Herbert H. 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 Trustees of the University and collected by the College on the Association's behalf. The Association was incorporated on November 27, 1984.

The Association has been classified by the Internal Revenue Service as a Section 501(c)(3) organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association's accounting policies conform to accounting principles generally accepted in the United States of America, applicable Government Accounting Standards Board ("GASB") pronouncements, as well as Financial Accounting Standards Board ("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 accounting principles generally accepted in the United States of America, 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 the general-purpose governments and requires that the financial statements consist of management's discussion and analysis, basic financial statements and required supplementary information.

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2008

NOTE B (continued)

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 revenues, 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.

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.

The Association adopted GASB Statements No. 34, 35, 37, and 38 effective July 1, 2001.

During fiscal year 2005, the Association adopted 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, in the event of failure of a depository financial institution, 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.
 - Investments - risk that, 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, the Association will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2008

NOTE B (continued)

- Concentration of credit risk is the risk of loss attributed to the magnitude of the Association's investment in a single issuer.
- Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair market value of the investment.
- Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit.

1. 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 - nonexpendable: 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 of the Association's board (Note G).

At June 30, 2008, the Association had no restricted net assets.

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid instruments with original maturity of ninety days or less.

3. Investments

Investments are recorded at fair value and consist of long-term equity and fixed income instruments invested in the University's investment pool. Changes in fair value of investments, if any, are reported in the accompanying statement of revenues, expenses and changes in net assets.

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2008

NOTE B (continued)

4. *Capital Assets*

Equipment is 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 assets. 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 equipment is five years.

5. *Deposits Held in Custody for Others*

Deposits held in custody for others are comprised of resources held on behalf of entities affiliated with the College.

6. *Revenue Recognition*

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

7. *Donated Space*

The Association operates on the campus of the College and utilizes facilities and equipment. The cost savings associated with such arrangements are recorded as donated space and are recognized as revenues and expenses in the accompanying statement of revenues, expenses and changes in net assets, based on the fair value of services received (Note F).

8. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2008

NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that in the event of a bank failure the Association's deposits may not be returned to it. At June 30, 2008, \$217,552 of the Association's bank balance of \$317,552 was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Association does not have a deposit policy.

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, 2008, the Association's entire investment portfolio balance of \$2,373,932 was held in the CUNY investment pool and was exposed to custodial credit risk, as it was uninsured and uncollateralized.

The Association's investments 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, commingled funds, U.S. agency mortgage-backed securities, asset-backed securities, short-term treasury bills, U.S. government bonds and foreign bonds. At June 30, 2008, the CUNY investment pool consisted of 153,174,707 units with a fair value of \$153,216,256.

NOTE D - CAPITAL ASSETS, NET

At June 30, 2008, capital assets, net consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Equipment	\$ 184,245	\$ 7,911	\$ 192,156
Less: Accumulated depreciation	<u>(182,254)</u>	<u>(1,795)</u>	<u>(184,049)</u>
Capital assets, net	<u>\$ 1,991</u>	<u>\$ 6,116</u>	<u>\$ 8,107</u>

Herbert H. Lehman College Association for Campus Activities, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2008

NOTE E - RELATED PARTY TRANSACTIONS

At June 30, 2008, the Association had receivables due from the College totaling \$93,617 and payable to the College of \$5,202. Of this amount, \$54,395 represented student activity fees collected by the College on behalf of the Association.

NOTE F - DONATED SPACE

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 \$655,452 for the year ended June 30, 2008. Such donated facilities are included in revenues and expenses in the accompanying statement of revenues, expenses and changes in net assets. 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, as neither the Association nor the College has a clearly measurable or objective basis for determining such values.

Deposits held in custody for others consist of funds which are held by the Association on behalf of certain groups and organizations related to the College.

NOTE G - BOARD DESIGNATED FUNDS

In fiscal 2008, the Board of Directors of the Herbert H. Lehman College Association for Campus Activities, Inc. designated \$880,000 of unrestricted funds as a reserve for renovation of the Student Life Building. As of June 30, 2008, the balance of this fund was \$880,000.