

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

Financial Statements and
Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 10
Financial Statements:	
Statements of Net Position	11
Statements of Revenue, Expenses and Changes in Net Position	12
Statements of Cash Flows	13 - 14
Notes to Financial Statements	15 - 21

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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, 2017 and 2016, 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, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
October 5, 2017

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

Management's Discussion and Analysis

June 30, 2017

The intent of Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) Management's Discussion and Analysis (MD&A) is to provide readers with a comprehensive overview of the Association's financial position and changes to its financial position for the year ended June 30, 2017. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Association's net position increased by \$344,559 or 21.1% from the prior fiscal year.
- Operating revenue increased \$348,641 or 12.3% from the prior fiscal year.
- Operating expenses increased \$403,354 or 16.5%.

Statement of Net Position

The statement of net position presents the assets, liabilities and net position of the Association for the year ended June 30, 2017. The purpose of the statement of net position is to present to the reader 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, restricted and unrestricted). From the data presented, the reader 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 H. 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, 2017 and 2016, under the accrual basis of accounting:

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 1,327,316	959,745	367,571	38.3%
Noncurrent assets	<u>944,892</u>	<u>849,937</u>	<u>94,955</u>	<u>11.2%</u>
Total assets	<u>2,272,208</u>	<u>1,809,682</u>	<u>462,526</u>	<u>25.6%</u>
Current liabilities	<u>291,539</u>	<u>173,572</u>	<u>117,967</u>	<u>68.0%</u>
Net position:				
Net investment in capital assets	10,990	16,885	(5,895)	(34.9%)
Restricted - expendable	302,014	-	302,014	100.0%
Unrestricted:				
Board designated	1,146,984	1,146,984	-	-
Undesignated	<u>520,681</u>	<u>472,241</u>	<u>48,440</u>	<u>10.3%</u>
Total net position	<u>\$ 1,980,669</u>	<u>1,636,110</u>	<u>344,559</u>	<u>21.1%</u>

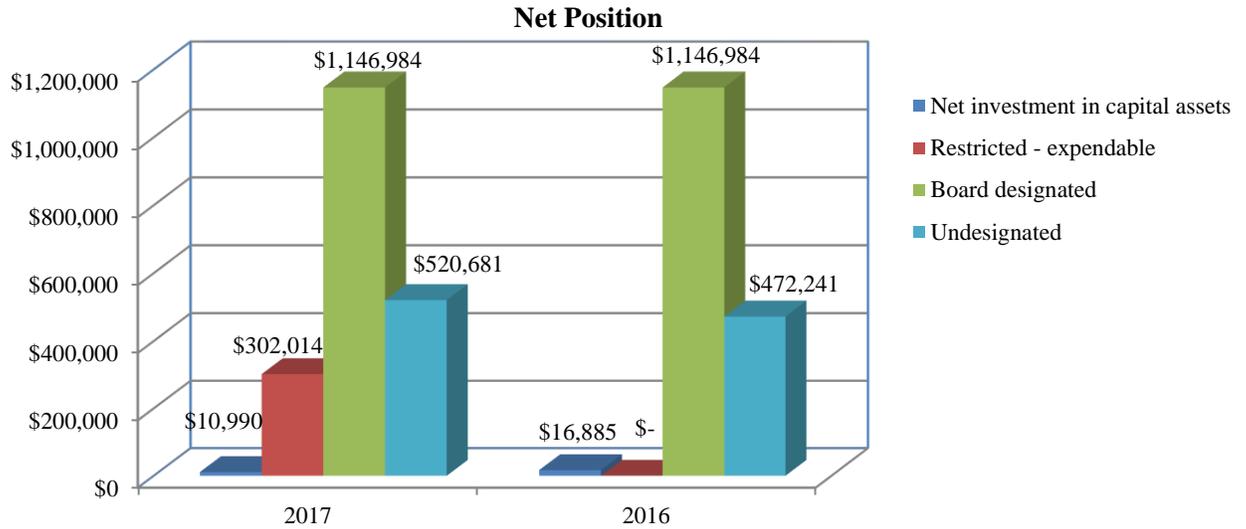
At June 30, 2017, the Association's total net position increased by \$344,559 or 21.1%, compared to the prior fiscal year. This increase was primarily due to an increase in the student activity fee and gain on investments. Effective fall 2016 semester the student activity fee paid by all Lehman College students increase from \$74.60 to \$99.60 for full-time students and from \$54.60 to \$66.60 for part-time students. This increase significantly increased revenue and cash available to the organization. Earmark student activity fee monies are collected for a specific purpose and must be held for that purpose if not used by the end of the fiscal year. The unused portion of these earmarks as of June 30, 2017 are reported as restricted - expendable on the Association's statements of net position.

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

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

Management's Discussion and Analysis, Continued

The following illustrates the Association's net position at June 30, 2017 and 2016 by category:



Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Association, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2017 and 2016 are as follows:

Revenue

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 2,327,411	1,797,841	529,570	29.5%
Donated space	811,545	811,545	-	-
Other	<u>33,567</u>	<u>214,496</u>	<u>(180,929)</u>	<u>(84.4%)</u>
Total operating revenue	3,172,523	2,823,882	348,641	12.3%
Nonoperating revenue	<u>107,108</u>	<u>7,041</u>	<u>100,067</u>	<u>142.1%</u>
Total revenue	\$ <u>3,279,631</u>	<u>2,830,923</u>	<u>448,708</u>	<u>15.9%</u>

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

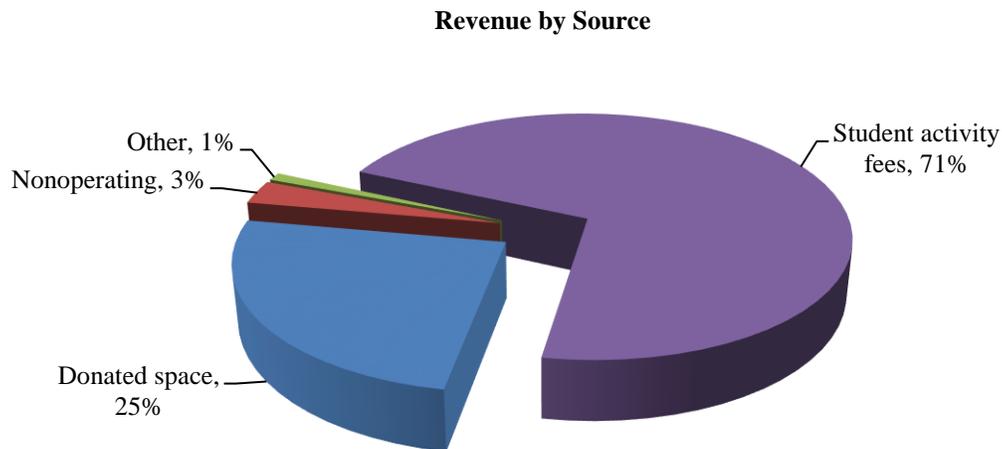
Management's Discussion and Analysis, Continued

The Association's total revenue for the year ended June 30, 2017 was \$3,279,631, an increase of \$448,708 or 15.9%, compared to the prior fiscal year. The primary components of this variance was an increase in student activity fees, gain on investment and a decrease in other from the previous fiscal year. On June 27, 2016, the CUNY Board of Trustees approved an increase in the student activity fee effective with the fall 2016 semester which resulted in a 29.5% increase over the previous fiscal year. The decrease in other represents a one-time refund received in fiscal year 2016 from the CUNY construction fund which was not available in fiscal year 2017.

Student activity fees represented approximately 71% 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 total revenue by source, for the year ended June 30, 2017:



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

Management's Discussion and Analysis, Continued

Expenses

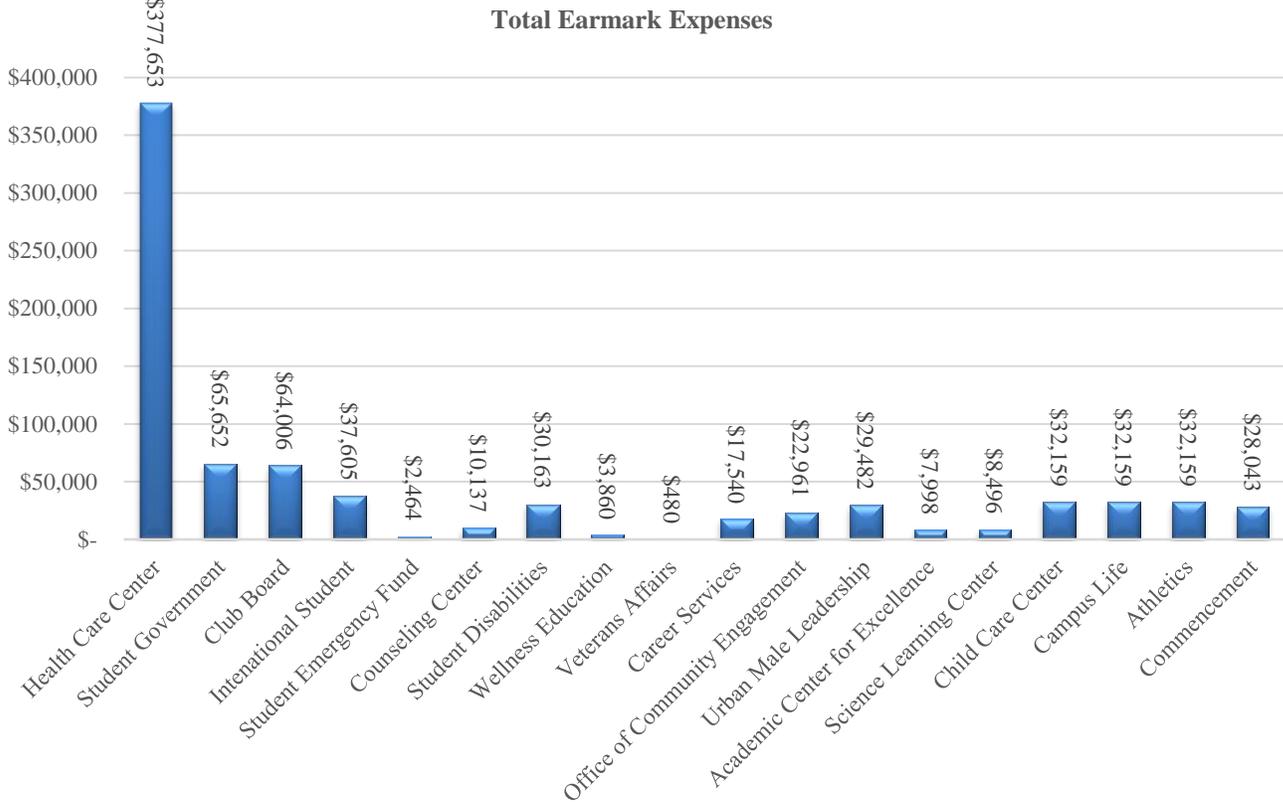
	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student government	\$ 129,659	116,530	13,129	11.3%
Communications media	5,701	3,384	2,317	68.5%
Workshops and conferences	123,144	90,204	32,940	36.5%
Graduation/commencement	88,805	66,291	22,514	34.0%
Student clubs and organizations	1,052,372	880,726	171,646	19.5%
Athletics and recreation	559,460	545,609	13,851	2.5%
Health care center	381,512	377,908	3,604	1.0%
Management and general	499,657	343,759	155,898	45.4%
Bad debt/write-off	-	12,120	(12,120)	(100.0%)
Depreciation	<u>5,895</u>	<u>6,320</u>	<u>(425)</u>	<u>(6.7%)</u>
Total operating expenses	2,846,205	2,442,851	403,354	16.5%
Nonoperating expenses:				
College support	88,867	75,676	13,191	17.4%
Net loss on investments	<u>-</u>	<u>24,059</u>	<u>(24,059)</u>	<u>(100.0%)</u>
Total expenses	\$ <u>2,935,072</u>	<u>2,542,586</u>	<u>392,486</u>	<u>15.4%</u>

Total expenses for the year ended June 30, 2017 were \$2,935,072, an increase of \$392,486 or 15.4%, compared to the prior fiscal year. In fiscal year 2017, the student activity fee increased to support new programs and initiatives being offered by the Student Association. Another component of this variance is an increase in personnel expense due to an increase in wages and new programs.

During fiscal year 2017, new earmarks were established designating additional money to support a wide range of student groups and enhance both Student Services as well as the extra-curricular programming at the College. The following graph shows the amount utilized during the year for each of the earmarks.

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FOR CAMPUS ACTIVITIES, INC.

Management’s Discussion and Analysis, Continued

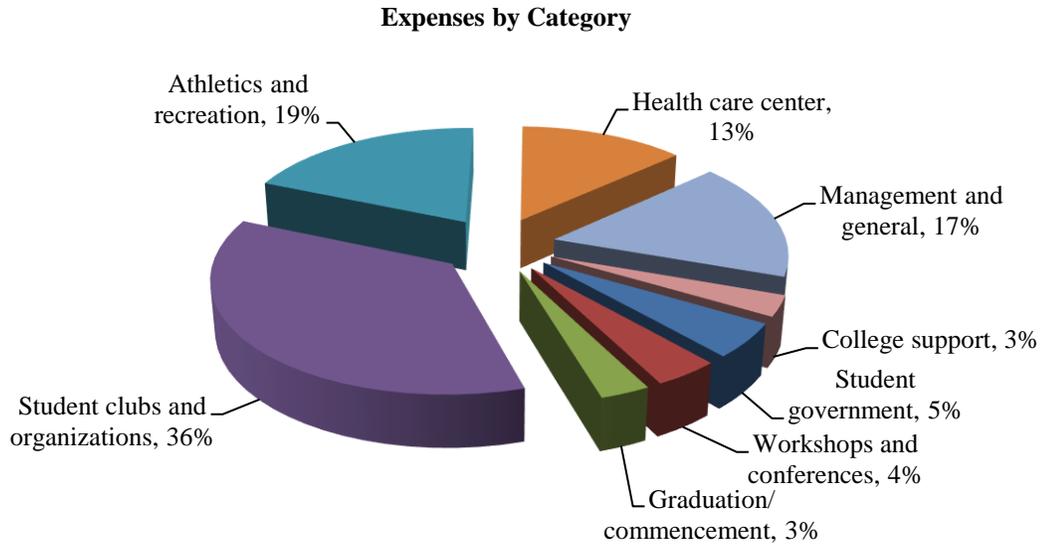


There were no other significant or unexpected changes in the Association’s expenses.

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FOR CAMPUS ACTIVITIES, INC.

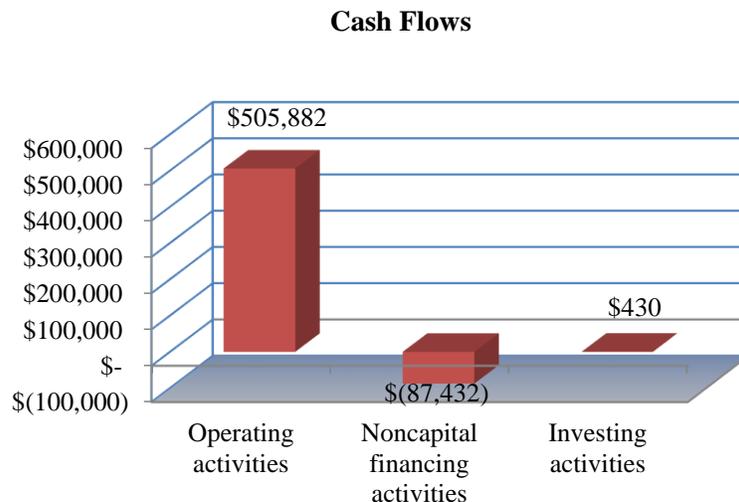
Management’s Discussion and Analysis, Continued

The following illustrates the Association’s total expenses by category for the year ended June 30, 2017.



Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. The statement assists users in assessing the Association’s ability to generate cash flows, meet its obligations as they come due, and measure its dependency on external financing. Net cash increased at June 30, 2017 by \$418,880 from the previous fiscal year to \$795,986. The following summarizes the Association’s cash flows for the year ended June 30, 2017:



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

Management's Discussion and Analysis, Continued

Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Net Position
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and equivalents	\$ 795,986	377,106
Due from related parties	512,485	565,836
Student loans receivable	2,403	2,403
Prepaid expenses	<u>16,442</u>	<u>14,400</u>
Total current assets	<u>1,327,316</u>	<u>959,745</u>
Noncurrent assets:		
Investments in CUNY investment pool	933,902	833,052
Capital assets, net	<u>10,990</u>	<u>16,885</u>
Total noncurrent assets	<u>944,892</u>	<u>849,937</u>
Total assets	<u>2,272,208</u>	<u>1,809,682</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	207,627	102,439
Unearned revenue	17,172	-
Deposits held in custody for others, net	<u>66,740</u>	<u>71,133</u>
Total current liabilities	<u>291,539</u>	<u>173,572</u>
 <u>Net Position</u>		
Net investment in capital assets	10,990	16,885
Restricted - expendable	302,014	-
Unrestricted - board designated	1,146,984	1,146,984
Unrestricted - undesignated	<u>520,681</u>	<u>472,241</u>
Total net position	<u>\$ 1,980,669</u>	<u>1,636,110</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenue:		
Student activity fees	\$ 2,327,411	1,797,841
Donated space	811,545	811,545
Other	<u>33,567</u>	<u>214,496</u>
Total operating revenue	<u>3,172,523</u>	<u>2,823,882</u>
Operating expenses:		
Student government	129,659	116,530
Communications media	5,701	3,384
Workshops and conferences	123,144	90,204
Graduation/commencement	88,805	66,291
Student clubs and organizations	1,052,372	880,726
Athletics and recreation	559,460	545,609
Health care center	381,512	377,908
Management and general	499,657	343,759
Bad debt/write-off	-	12,120
Depreciation	<u>5,895</u>	<u>6,320</u>
Total operating expenses	<u>2,846,205</u>	<u>2,442,851</u>
Income from operations	<u>326,318</u>	<u>381,031</u>
Nonoperating revenue (expenses):		
Interest income	2,549	4,626
Net gain (loss) on investments	98,731	(24,059)
Contributions	5,828	2,415
College support	<u>(88,867)</u>	<u>(75,676)</u>
Total nonoperating revenue (expense), net	<u>18,241</u>	<u>(92,694)</u>
Increase in net position	344,559	288,337
Net position at beginning of year	<u>1,636,110</u>	<u>1,347,773</u>
Net position at end of year	<u>\$ 1,980,669</u>	<u>1,636,110</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Cash Flows
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 2,291,689	1,683,537
Other	27,668	225,151
Cash payments to/for:		
Salaries, benefits and taxes	(1,139,323)	(1,032,137)
Conferences, conventions and meeting	(156,553)	(118,545)
Vendors and other	<u>(517,599)</u>	<u>(658,733)</u>
Net cash provided by operating activities	<u>505,882</u>	<u>99,273</u>
Cash flows from noncapital financing activities:		
Decrease in deposits held in custody for others	(4,393)	(3,419)
College support	(88,867)	(75,676)
Contributions	<u>5,828</u>	<u>2,415</u>
Net cash used in noncapital financing activities	<u>(87,432)</u>	<u>(76,680)</u>
Cash flows from investing activities:		
Interest income	2,549	4,626
Reinvestment of interest received	<u>(2,119)</u>	<u>(4,351)</u>
Net cash provided by investing activities	<u>430</u>	<u>275</u>
Net increase in cash and equivalents	418,880	22,868
Cash and equivalents at beginning of year	<u>377,106</u>	<u>354,238</u>
Cash and equivalents at end of year	<u>\$ 795,986</u>	<u>377,106</u>

(Continued)

See accompanying notes to financial statements.

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

	<u>2017</u>	<u>2016</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 326,318	381,031
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	5,895	6,320
Changes in:		
Due from related parties	53,351	(113,667)
Student loans receivable	-	9,284
Prepaid expenses	(2,042)	(4,604)
Accounts payable and accrued expenses	105,188	(78,670)
Unearned revenue	<u>17,172</u>	<u>(100,421)</u>
Net cash provided by operating activities	<u>\$ 505,882</u>	<u>99,273</u>
Supplemental schedule of cash flow information:		
Donated space revenue	<u>\$ 811,545</u>	<u>811,545</u>
Donated space expense	<u>\$ 811,545</u>	<u>811,545</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2017 and 2016

(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. On June 27, 2016 the Board of Trustees of the CUNY approved an increase in this fee effective with the Fall 2016 semester. 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 entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Association is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Accounting Pronouncements

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

- 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

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.
- GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.

(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, 2017, the Association had a restricted - expendable net position balance of \$302,014.

(d) Cash and Equivalents

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

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) 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.

(f) Investments

The Association has investments 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) totaling \$933,902 and \$833,052 at June 30, 2017 and 2016, respectively. 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. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position.

(g) 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.

(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

The Association operates on the campus of the College and, utilizes office space made available to it. The cost savings associated with such arrangements are recorded as donated space and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such facilities (note 6).

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

(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, 2017, \$637,882 of the Association's \$887,882 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, 2017, the Association's entire investment portfolio balance of \$933,902 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

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

Notes to Financial Statements, Continued

(4) Investments in CUNY Investment Pool and Related Investment Income

The Association's investments in the investment pool comprise assets which are pooled and invested by and under the control of the Committee on Fiscal Affairs of the Board of Directors of CUNY. Pooled investments include equity and fixed income securities. Investments as of June 30, 2017 and 2016, are comprised of the following:

	<u>2017</u>	<u>2016</u>
Investments in CUNY investment pool	\$ <u>933,902</u>	<u>833,052</u>

The following table summarizes the activity for financial instruments in 2017 and 2016:

Balance at July 1, 2015		\$ 852,760
Interest and dividends		4,351
Realized gain		5,437
Unrealized loss		<u>(29,496)</u>
Balance at June 30, 2016		833,052
Interest and dividends		2,119
Realized gain		9,405
Unrealized gain		<u>89,326</u>
Balance at June 30, 2017		\$ <u>933,902</u>

A summary of investment gain (loss) for the years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 2,119	4,351
Realized gains	9,405	5,437
Unrealized gain (loss)	<u>89,326</u>	<u>(29,496)</u>
Total investment gain (loss)	\$ <u>100,850</u>	<u>(19,708)</u>

(5) Capital Assets

At June 30, 2017 and 2016, capital assets consisted of the following:

	<u>2017</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 221,059	-	-	221,059
Less accumulated depreciation	<u>(204,174)</u>	<u>(5,895)</u>	-	<u>(210,069)</u>
Capital assets, net	\$ <u>16,885</u>	<u>(5,895)</u>	-	<u>10,990</u>

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

Notes to Financial Statements, Continued

(5) Capital Assets, Continued

	2016			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 221,059	-	-	221,059
Less accumulated depreciation	(197,854)	(6,320)	-	(204,174)
Capital assets, net	\$ <u>23,205</u>	<u>(6,320)</u>	<u>-</u>	<u>16,885</u>

(6) Donated Space

The Association utilizes certain facilities provided by the College. The estimated fair values of facilities are included in the accompanying statements of revenue, expenses and changes in net position. The value of the donated facilities amounted to \$811,545 for the years ended June 30, 2017 and 2016, respectively.

(7) Related Party Transactions

At June 30, 2017 and 2016, the Association was owed \$512,485 and \$565,836, 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 \$933,902 and \$833,052 as of June 30, 2017 and 2016, respectively, in the CUNY Investment Pool (note 4).

(8) Deposits Held in Custody for Others

At June 30, 2017 and 2016, the Association held \$66,740 and \$71,133, 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.

(9) Board Designated Net Position

As of June 30, 2017 and 2016, the board designated net position amounted to \$1,146,984, of which \$1,132,030 is for Student Life Building renovation and \$14,954 for Emergency Loan fund.

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

Notes to Financial Statements, Continued

(10) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 85 - "Omnibus 2017." This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in-substance defeasances occurring through repayment of debt from existing sources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.