

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

Financial Statements and  
Supplementary Information

June 30, 2013 and 2012

(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 - 8
Financial Statements:	
Statements of Net Position	9
Statements of Revenue, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 19

\* \* \* \* \*

## 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, 2013 and 2012, 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 audits 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, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

As discussed in note 2 to the financial statements, the Association adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position," and GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities."

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

Toski & Co., CPAs, P.C.

Williamsville, New York  
February 26, 2014

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

Management's Discussion and Analysis

June 30, 2013 and 2012

The Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) is pleased to present its financial statements for fiscal year 2013 with fiscal year 2012 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 discussion and analysis of the Association's financial statements provide an overview of its financial activities for the year. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities and current known facts.

**Financial Highlights**

- The Association's net position decreased by \$205,478 or 9% from the previous fiscal year.
- Operating revenue decreased by \$118,777 or 5% from the previous fiscal year.
- Operating expenses increased by \$460,189 or 22%.

**New Accounting Pronouncements**

For the year ended June 30, 2013, the Association adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."
- 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.

Management's Discussion and Analysis, Continued

**Statement of Net Position**

The Statement of Net Position presents the assets, liabilities, and net position of the Association as of the end of each fiscal year. 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 noncurrent), and net position (fund balances). From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the organization. They are also able to determine how much the institution owes vendors (accounts payable); and, finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the Association.

**Statements of Net Position**

The following summarizes the Association's assets, liabilities, and net position as of June 30, 2013 and 2012, under the accrual basis of accounting:

	<u>2013</u>	<u>2012</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 419,046	600,408	(181,362)	(30%)
Noncurrent assets	<u>1,988,982</u>	<u>1,901,573</u>	<u>87,409</u>	5%
Total assets	<u>2,408,028</u>	<u>2,501,981</u>	<u>(93,953)</u>	(4%)
Current liabilities	<u>289,774</u>	<u>178,249</u>	<u>111,525</u>	63%
Net position:				
Net investment in capital assets	952,638	953,386	(748)	-
Unrestricted:				
Board designated	132,456	123,293	9,163	7%
Undesignated	<u>1,033,160</u>	<u>1,247,053</u>	<u>(213,893)</u>	(17%)
Total net position	<u>\$ 2,118,254</u>	<u>2,323,732</u>	<u>(205,478)</u>	(9%)

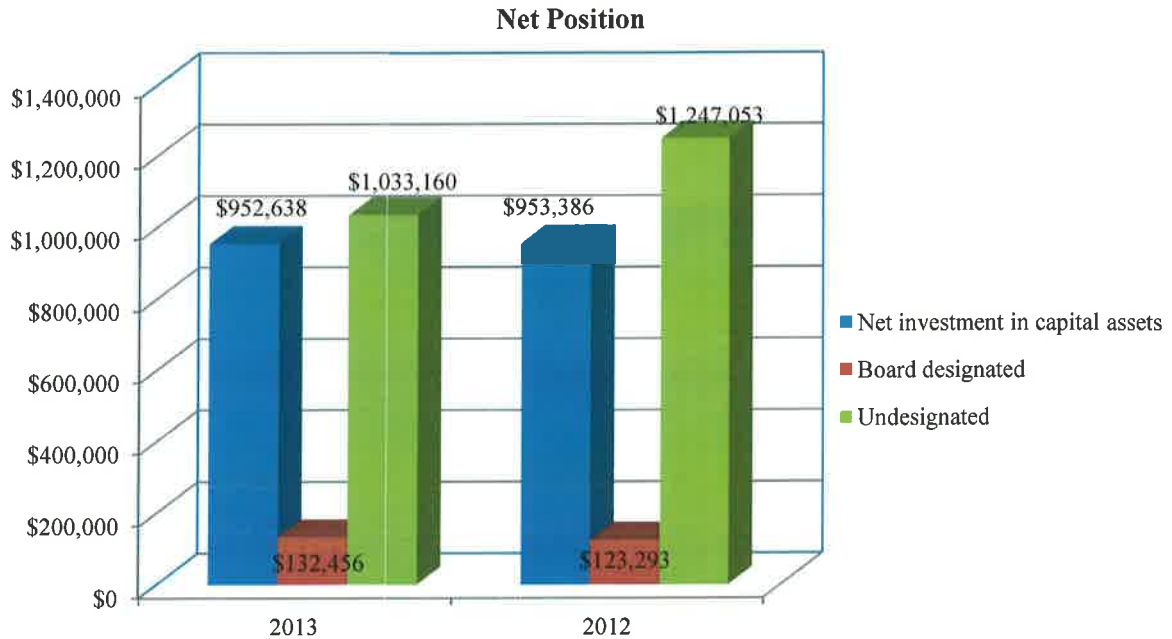
At June 30, 2013, the Association's total net position decreased by \$205,478 or 9%, compared to the previous fiscal year. The majority of this variance was attributable to a decrease in student activity fees of \$135,821 or 8% coupled with an increase in operating expenditures of \$460,189 or 22%.

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, 2013 and 2012 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 non-operating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2013 and 2012, are as follows:

**Revenue**

	<u>2013</u>	<u>2012</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 1,646,509	1,782,330	(135,821)	(8%)
Donated space and services and other	<u>734,817</u>	<u>717,773</u>	<u>17,044</u>	2%
Total operating revenue	2,381,326	2,500,103	(118,777)	(5%)
Nonoperating revenue (loss)	<u>92,396</u>	<u>(42,560)</u>	<u>134,956</u>	(317%)
Total revenue	\$ <u>2,473,722</u>	<u>2,457,543</u>	<u>16,179</u>	1%

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, 2013 amounted to \$2,473,722, an increase of \$16,179 or 1%, compared to the previous year. The primary component of this variance related to an increase in investment income of \$148,232 or 199% largely due to an increased return on the Association's investment. The increase is offset by a decrease in Student activity fees of \$135,821 (discussed above), an increase in operating expenditures of \$460,189 and a decrease in college support of \$775.

Student activity fees represented approximately 66% of total revenue and, accordingly, the Association is dependent upon this level of support to carry out its operations.

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

The following illustrates the Association's revenue, by source, for the year ended June 30, 2013:



**Expenses**

	<u>2013</u>	<u>2012</u>	<u>Dollar change</u>	<u>Percent change</u>
<b>Operating expenses:</b>				
Student government	\$ 146,648	170,567	(23,919)	(14%)
Communications media	5,815	13,722	(7,907)	(58%)
Workshops and conferences	89,355	75,376	13,979	19%
Graduation/commencement	69,900	62,975	6,925	11%
Student clubs and organizations	764,460	743,719	20,741	3%
Athletics and recreation	455,700	389,685	66,015	17%
Health care center	389,858	318,900	70,958	22%
Management and general	677,946	362,966	314,980	87%
Depreciation	<u>748</u>	<u>2,331</u>	<u>(1,583)</u>	<u>(68%)</u>
Total operating expenses	2,600,430	2,140,241	460,189	22%
Nonoperating expenses - College support	<u>78,770</u>	<u>79,545</u>	<u>(775)</u>	<u>(1%)</u>
Total expenses	\$ <u>2,679,200</u>	<u>2,219,786</u>	<u>459,414</u>	21%



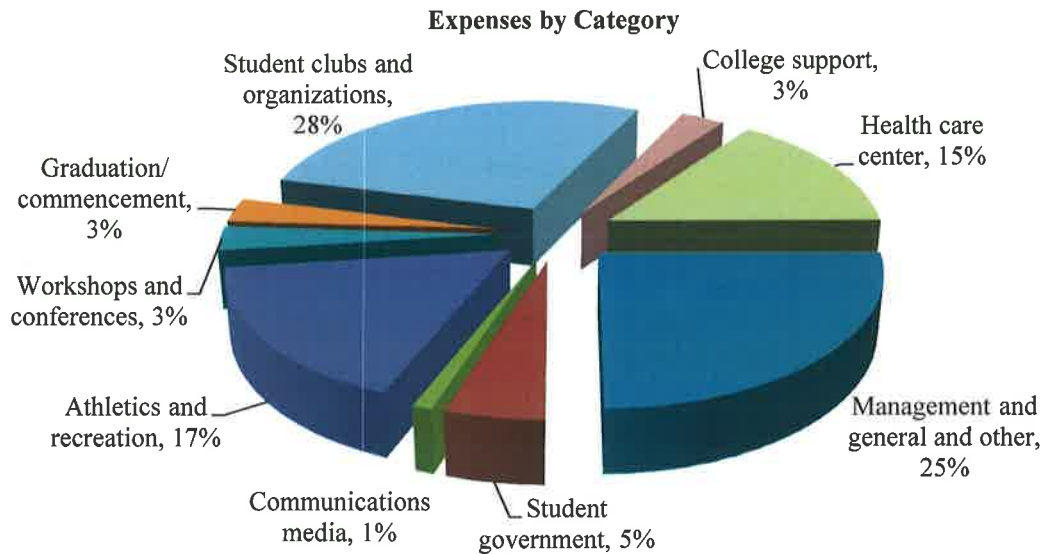
HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.

Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2013 were \$2,679,200, an increase of \$459,414 or 21%, compared to the previous year. The major component of this variance is due to an increase in Management and General expenses of \$314,980, due to furniture purchases for the new campus life building. Partially offsetting this increase is an offset of a decrease in Student government and Communications media of \$23,919 and \$7,907, respectively, due to a decrease in Student events.

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, 2013:

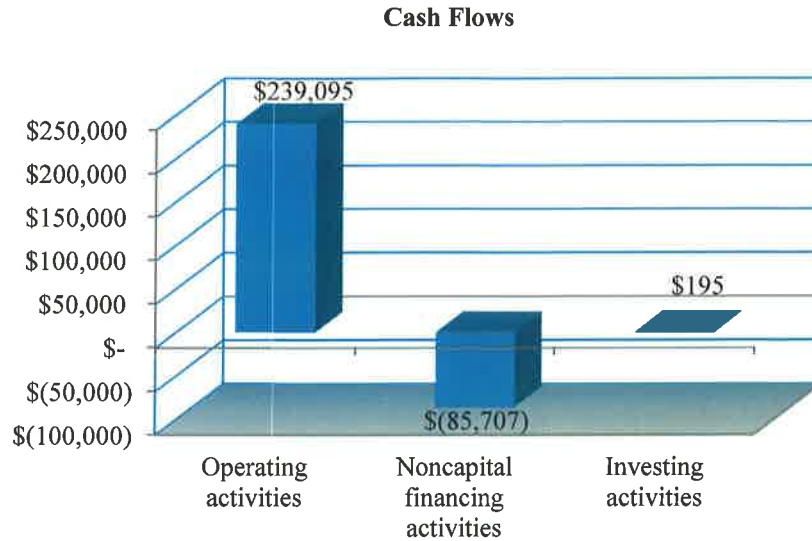


**Cash Flows**

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users in assessing the Association's ability to generate net cash flows, meet its obligations as they come due, and measure its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2013:

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, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and equivalents	\$ 216,756	63,173
Due from related parties	190,925	529,426
Student loans receivable	2,403	2,403
Prepaid expenses	<u>8,962</u>	<u>5,406</u>
Total current assets	<u>419,046</u>	<u>600,408</u>
Noncurrent assets:		
Investments, at fair value	1,036,344	948,187
Capital assets, net	<u>952,638</u>	<u>953,386</u>
Total noncurrent assets	<u>1,988,982</u>	<u>1,901,573</u>
Total assets	<u>2,408,028</u>	<u>2,501,981</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	136,842	98,828
Unearned income	84,492	-
Deposits held in custody for others, net	<u>68,440</u>	<u>79,421</u>
Total current liabilities	<u>289,774</u>	<u>178,249</u>
 <u>Net Position</u>		
Net investment in capital assets	952,638	953,386
Unrestricted:		
Board designated	132,456	123,293
Undesignated	<u>1,033,160</u>	<u>1,247,053</u>
Total net position	<u>\$ 2,118,254</u>	<u>2,323,732</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenue:		
Student activity fees	\$ 1,646,509	1,782,330
Donated space and services	695,610	679,728
Other	<u>39,207</u>	<u>38,045</u>
Total operating revenue	<u>2,381,326</u>	<u>2,500,103</u>
Operating expenses:		
Student government	146,648	170,567
Communications media	5,815	13,722
Workshops and conferences	89,355	75,376
Graduation/commencement	69,900	62,975
Student clubs and organizations	764,460	743,719
Athletics and recreation	455,700	389,685
Health care center	389,858	318,900
Management and general	677,946	362,966
Depreciation	<u>748</u>	<u>2,331</u>
Total operating expenses	<u>2,600,430</u>	<u>2,140,241</u>
Income (loss) from operations	<u>(219,104)</u>	<u>359,862</u>
Nonoperating revenue (expenses):		
Interest income	14,699	22,531
Net gain on investments	73,653	(74,579)
Contributions	4,044	9,488
College support	<u>(78,770)</u>	<u>(79,545)</u>
Total nonoperating revenue (expenses), net	<u>13,626</u>	<u>(122,105)</u>
Increase (decrease) in net position	(205,478)	237,757
Net position at beginning of year	<u>2,323,732</u>	<u>2,085,975</u>
Net position at end of year	<u>\$ 2,118,254</u>	<u>2,323,732</u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION  
FOR CAMPUS ACTIVITIES, INC.  
Statements of Cash Flows  
Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 2,226,564	1,310,000
Other	39,207	38,045
Cash payments to/for:		
Employees' salaries and benefits	(1,065,316)	(581,467)
Services	(127,376)	(130,568)
Vendors	<u>(833,984)</u>	<u>(636,769)</u>
Net cash provided by (used in) operating activities	<u>239,095</u>	<u>(759)</u>
Cash flows from noncapital financing activities:		
Proceeds from deposits held in custody for others	(10,981)	(14,056)
College support	(78,770)	(79,545)
Contributions received	<u>4,044</u>	<u>9,488</u>
Net cash used in noncapital financing activities	<u>(85,707)</u>	<u>(84,113)</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>-</u>	<u>(952,128)</u>
Cash flows from investing activities:		
Interest	14,699	22,531
Reinvestment of interest received	(14,504)	(22,426)
Proceeds from sale of investments	<u>-</u>	<u>950,000</u>
Net cash provided by investing activities	<u>195</u>	<u>950,105</u>
Net increase (decrease) in cash and equivalents	153,583	(86,895)
Cash and equivalents at beginning of year	<u>63,173</u>	<u>150,068</u>
Cash and equivalents at end of year	<u>\$ 216,756</u>	<u>63,173</u>

(Continued)

See accompanying notes to financial statements.

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

	<u>2013</u>	<u>2012</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:		
Income (loss) from operations	\$ (219,104)	359,862
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Depreciation expense	748	2,331
Changes in:		
Due from related parties	338,501	(372,064)
Student loans receivable	-	(1,712)
Prepaid expenses	(3,556)	8,757
Accounts payable and accrued expenses	38,014	2,067
Unearned revenue	<u>84,492</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 239,095</u>	<u>(759)</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 695,610</u>	<u>679,728</u>
Donated space and services expense	<u>\$ 695,610</u>	<u>679,728</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2013 and 2012

(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), applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as Financial Accounting Standards Boards (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those requirements conflict with or contradict GASB pronouncements.

For financial reporting purposes, the Association is considered to be a special-purpose government engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Association is also considered to be a component unit of the University, as defined by GASB.

(b) New Accounting Pronouncements

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

- GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."
- 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.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) New Accounting Pronouncements, Continued

- 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.

(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, 2013, 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.



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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) 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.

(h) 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).

(i) 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.

(j) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Subsequent Events

The Association has evaluated events after June 30, 2013, and through February 26, 2014, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(l) 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, 2009, and prior.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Reclassifications

Reclassifications have been made to certain 2012 balances in order to conform them to the 2013 presentation.

(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, 2013, the Association's bank balance of \$248,845 was fully FDIC insured.

(b) Custodial Credit Risk - Investments

Custodial credit risk as it relates to investments is the risk that in the event of failure of the counterparty of a transaction, the Association will not be able to recover the value of its investment portfolio that is in the possession of that failed counterparty. At June 30, 2013, the Association's entire investment portfolio balance of \$1,036,344 was exposed to custodial credit risk, as it was uninsured and uncollateralized. The Association's investments amounting to \$1,036,344 and \$948,187 at June 30, 2013 and 2012, 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, 2013 and 2012, capital assets consisted of the following:

	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>	(748)	<u>-</u>	<u>952,638</u>

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

Notes to Financial Statements, Continued

(4) Capital Assets, Continued

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

(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 for the years ended June 30, 2013 and 2012 amounted to \$695,610 and \$679,728, respectively.

(6) Related Party Transactions

At June 30, 2013 and 2012, the Association was owed \$190,925 and \$529,426, 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 \$1,036,344 and \$948,187 as of June 30, 2013 and 2012, respectively, in the CUNY Investment Pool (note 3(b)).

During 2012, the Association paid \$950,000 to the City University Construction Fund for the Campus Life renovations.

(7) Deposits Held in Custody for Others

At June 30, 2013 and 2012, the Association held \$68,440 and \$79,421, 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, 2013, the balance of this fund is \$132,456 of which \$117,511 is for Student Life Building renovation (note 6), \$14,945 for Emergency Loan fund. As of June 30, 2012, the balance of this fund is \$123,293 of which \$109,715 is for Student Life Building renovation (note 6), \$13,578 for Emergency Loan fund.

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

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 66 - “Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62” improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - “Fund Balance Reporting and Governmental Fund Type Definitions” and No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” This statement amends Statement No. 10 by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning July 1, 2013 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 67 - “Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25” replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The statement specifies the required approach for measuring the pension liability of all employers and nonemployer contributing entities participating in a pension plan and details required note disclosures for financial reporting. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning July 1, 2013 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 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.

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

Notes to Financial Statements, Continued

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

- 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. 70 - “Accounting and Financial Reporting for Nonexchange Financial Guarantees” improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning July 1, 2013 for the Association. This statement is not expected to have a material effect on the financial statements of the Association.