

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

Financial Statements and
Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) as of and for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, 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 Matter

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 9 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

Williamsville, New York
October 2, 2020

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

Management's Discussion and Analysis

June 30, 2020

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, 2020. 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 was \$2,541,360, increasing \$142,757 or 6.0% from the prior fiscal year.
- Operating revenue was \$3,165,620, decreasing \$339,436 or 9.7% from the prior fiscal year.
- Operating expenses were \$3,033,335, decreasing \$203,643 or 6.3% from the prior fiscal year.

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, 2020. 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). The purpose of the statement of net position is to present to the reader of the financial statements with a financial snapshot of the Association to determine the assets available to continue the operations. They are also able to determine how much the Association owes vendors (accounts payable) and how much others owe the Association (accounts receivable). The statement of net position provides an overall picture of the Association's financial ability to maintain its operations in both the long and short term.

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, 2020 and 2019, under the accrual basis of accounting:

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 1,901,240	1,766,797	134,443	7.6%
Noncurrent assets	<u>1,041,434</u>	<u>1,001,050</u>	<u>40,384</u>	<u>4.0%</u>
Total assets	<u>2,942,674</u>	<u>2,767,847</u>	<u>174,827</u>	<u>6.3%</u>
Current liabilities	<u>401,314</u>	<u>369,244</u>	<u>32,070</u>	<u>8.7%</u>
Net position:				
Net investment in capital assets	1,361	3,228	(1,867)	(57.8%)
Restricted - expendable	765,112	601,869	163,243	27.1%
Unrestricted:				
Board designated	1,296,984	1,296,984	-	-
Undesignated	<u>477,903</u>	<u>496,522</u>	<u>(18,619)</u>	<u>(3.8%)</u>
Total net position	<u>\$ 2,541,360</u>	<u>2,398,603</u>	<u>142,757</u>	<u>6.0%</u>

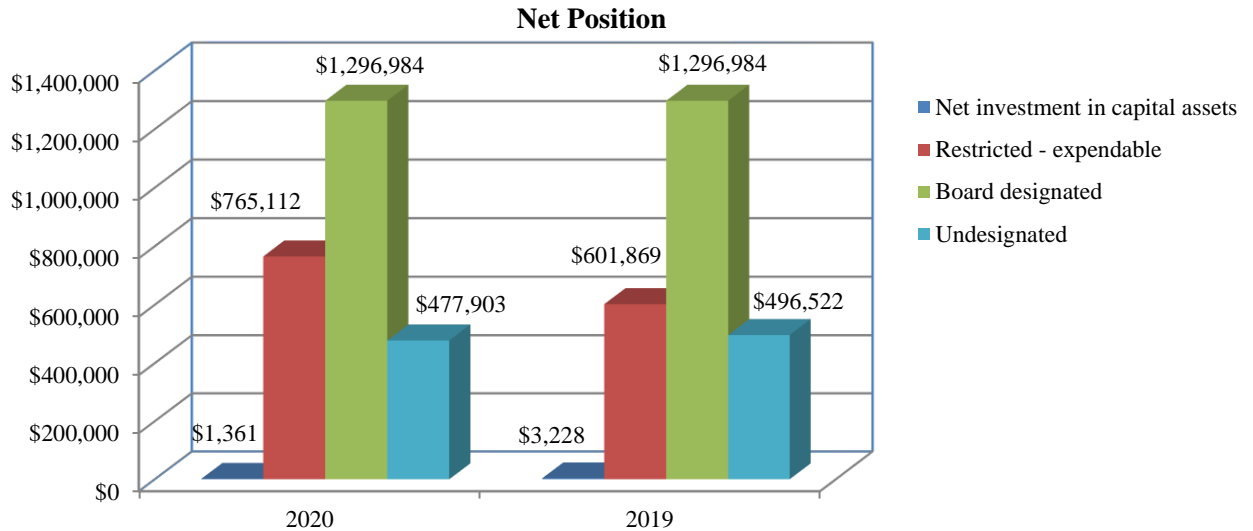
At June 30, 2020, the Association's total net position increased \$142,757 or 6.0%, over the prior fiscal year. This reflects an increase in cash on hand from unspent student activity fee monies that are restricted to their specific purpose and were not used by the end of the fiscal year. As a result, restricted expendable increased by 27.1% which reflects the reserve of these funds for future use.

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, 2020 and 2019 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, 2020 and 2019 are as follows:

Revenue

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 2,348,099	2,655,454	(307,355)	(11.6%)
Donated space	811,545	811,545	-	-
Other	<u>5,976</u>	<u>38,057</u>	<u>(32,081)</u>	<u>(84.3%)</u>
Total operating revenue	3,165,620	3,505,056	(339,436)	(9.7%)
Nonoperating revenue	<u>70,305</u>	<u>60,798</u>	<u>9,507</u>	<u>15.6%</u>
Total revenue	\$ <u><u>3,235,925</u></u>	<u><u>3,565,854</u></u>	<u><u>(329,929)</u></u>	<u><u>(9.3%)</u></u>

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

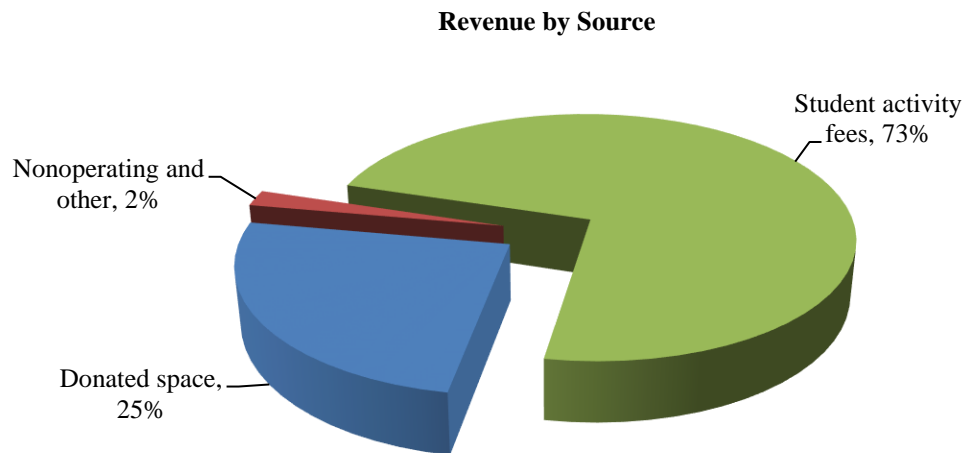
Management's Discussion and Analysis, Continued

The Association's total revenue, operating and nonoperating, for the year ended June 30, 2020 was \$3,235,925, a decrease of \$329,929 or 9.3%, from the prior fiscal year. This decline is largely attributable to a 11.6% decrease in student activity fees income due to the 25% waiver approved by the Board of Trustees for the Spring 2020 semester. This waiver was given to all students on account of the COVID-19 pandemic and the college going on a fully remote status beginning in March of the Spring 2020 semester. This decline was slightly offset by increases in enrollment during the fiscal year 2020 academic year.

Student activity fees represented approximately 73% 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, 2020:



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

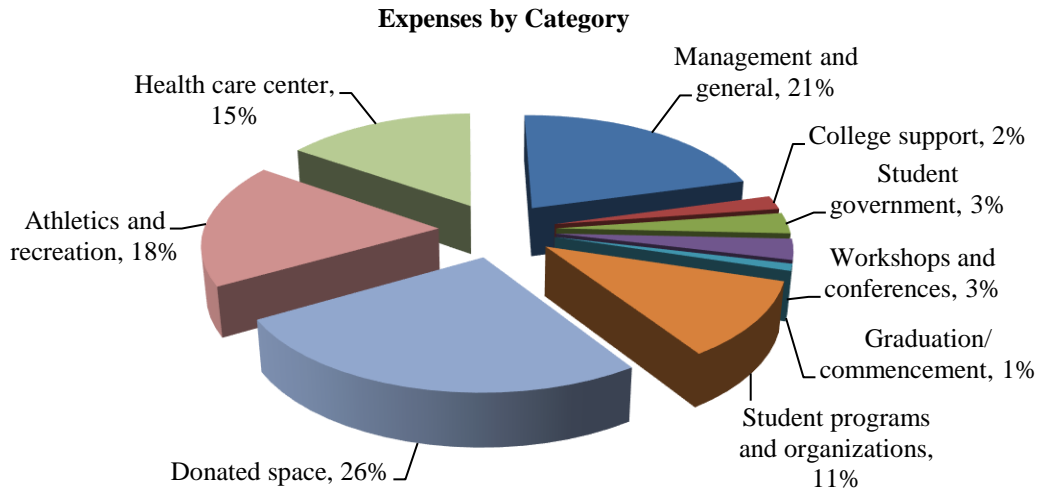
Management's Discussion and Analysis, Continued

Expenses

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student government	\$ 94,753	165,334	(70,581)	(42.7%)
Communications media	4,050	7,848	(3,798)	(48.4%)
Workshops and conferences	104,038	132,834	(28,796)	(21.7%)
Graduation/commencement	25,248	116,140	(90,892)	(78.3%)
Student programs and organizations	317,551	350,297	(32,746)	(9.3%)
Donated space	811,545	811,545	-	-
Athletics and recreation	572,221	574,995	(2,774)	(0.5%)
Health care center	457,936	458,813	(877)	(0.2%)
Management and general	644,126	617,304	26,822	4.3%
Depreciation	<u>1,867</u>	<u>1,868</u>	<u>(1)</u>	<u>(0.1%)</u>
Total operating expenses	3,033,335	3,236,978	(203,643)	(6.3%)
Nonoperating expenses - College support	<u>59,833</u>	<u>79,259</u>	<u>(19,426)</u>	<u>(24.5%)</u>
Total expenses	\$ <u>3,093,168</u>	<u>3,316,237</u>	<u>(223,069)</u>	<u>(6.7%)</u>

Total expenses, operating and nonoperating, for the year ended June 30, 2020 were \$3,093,168, a decrease of \$223,069 or 6.7%, compared to the prior fiscal year. The decline in expenditures is due to decreased expenditure activity as a result of the College going fully remote beginning in March 2020.

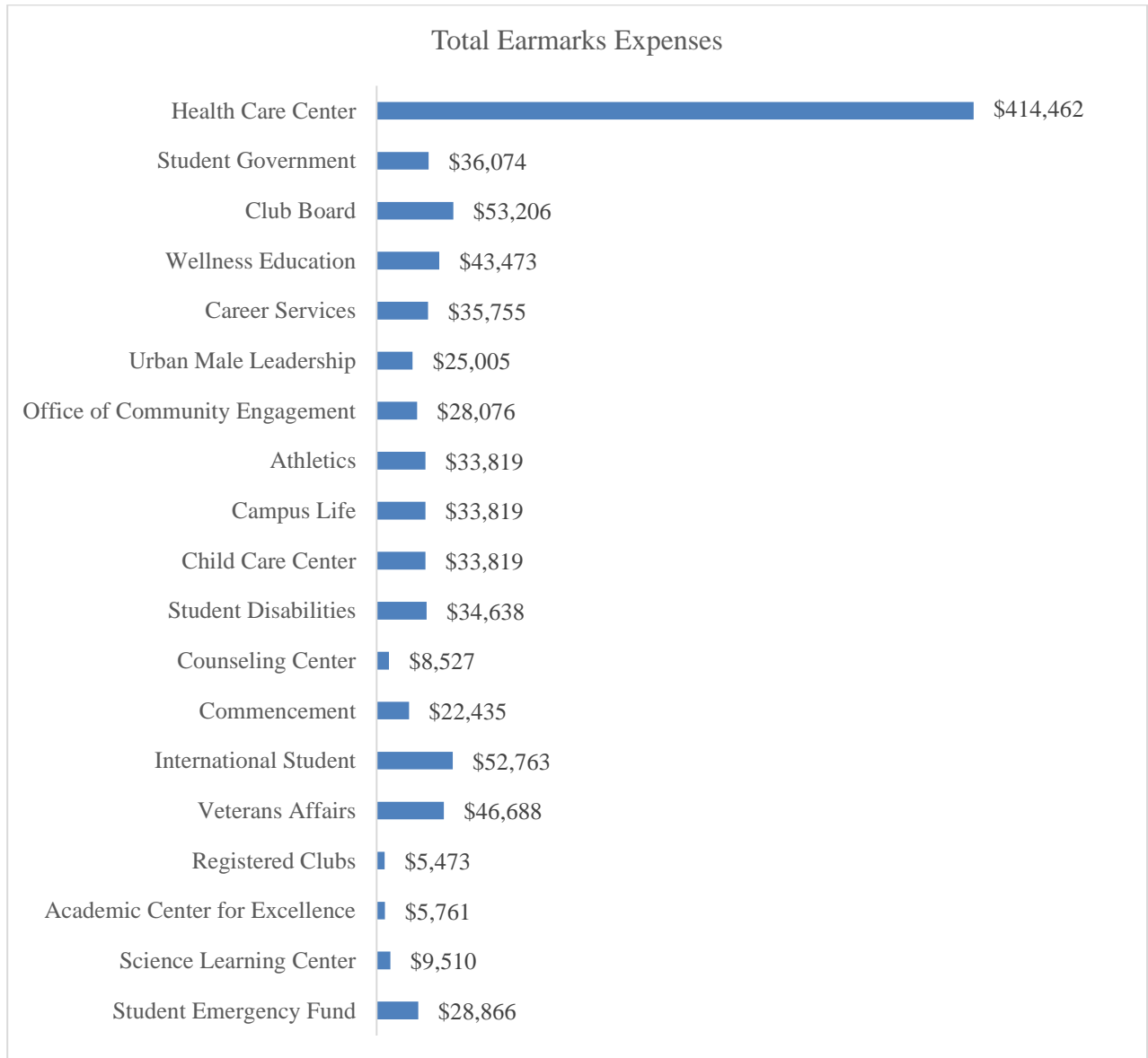
The following illustrates the Association's total expenses by category, for the year ended June 30, 2020.



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Management’s Discussion and Analysis, Continued

The following graph shows the total amount expended by student activity earmark in fiscal year 2020.



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

Management's Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about 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 provided by operating activities was \$389,465, net cash used in noncapital financing activities was \$43,809, and net cash provided by investing activities was \$593.

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, and operational adjustments due to the COVID-19 pandemic has continued to effect the Association.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Net Position
June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 1,179,302	833,053
Investments in CUNY investment pool, short-term (note 4)	54,741	52,517
Accounts receivable	-	24,635
Due from related parties (note 7)	653,367	837,637
Student loans receivable	2,403	2,403
Prepaid expenses	<u>11,427</u>	<u>16,552</u>
Total current assets	<u>1,901,240</u>	<u>1,766,797</u>
Noncurrent assets:		
Investments in CUNY investment pool, long-term (note 4)	1,040,073	997,822
Capital assets, net (note 5)	<u>1,361</u>	<u>3,228</u>
Total noncurrent assets	<u>1,041,434</u>	<u>1,001,050</u>
Total assets	<u>2,942,674</u>	<u>2,767,847</u>
 <u>Liabilities</u> 		
Current liabilities:		
Accounts payable and accrued expenses	121,124	277,700
Unearned revenue	204,846	6,987
Deposits held in custody for others, net (note 8)	<u>75,344</u>	<u>84,557</u>
Total current liabilities	<u>401,314</u>	<u>369,244</u>
 <u>Net Position</u> 		
Net investment in capital assets	1,361	3,228
Restricted - expendable	765,112	601,869
Unrestricted - board designated (note 9)	1,296,984	1,296,984
Unrestricted - undesignated	<u>477,903</u>	<u>496,522</u>
Total net position	<u>\$ 2,541,360</u>	<u>2,398,603</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Student activity fees	\$ 2,348,099	2,655,454
Donated space (note 6)	811,545	811,545
Other	<u>5,976</u>	<u>38,057</u>
Total operating revenue	<u>3,165,620</u>	<u>3,505,056</u>
Operating expenses:		
Student government	94,753	165,334
Communications media	4,050	7,848
Workshops and conferences	104,038	132,834
Graduation/commencement	25,248	116,140
Student programs and organizations	317,551	350,297
Donated space (note 6)	811,545	811,545
Athletics and recreation	572,221	574,995
Health care center	457,936	458,813
Management and general	644,126	617,304
Depreciation	<u>1,867</u>	<u>1,868</u>
Total operating expenses	<u>3,033,335</u>	<u>3,236,978</u>
Income from operations	<u>132,285</u>	<u>268,078</u>
Nonoperating revenue (expenses):		
Interest income	14,896	15,504
Net gains on investments	30,172	40,963
Contributions	25,237	4,331
College support	<u>(59,833)</u>	<u>(79,259)</u>
Total nonoperating revenue (expenses), net	<u>10,472</u>	<u>(18,461)</u>
Change in net position	142,757	249,617
Net position at beginning of year	<u>2,398,603</u>	<u>2,148,986</u>
Net position at end of year	<u><u>\$ 2,541,360</u></u>	<u><u>2,398,603</u></u>

See accompanying notes to financial statements.

HERBERT H. LEHMAN COLLEGE ASSOCIATION
FOR CAMPUS ACTIVITIES, INC.
Statements of Cash Flows
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 2,545,958	2,527,756
Other	5,976	38,057
Cash payments to/for:		
Salaries, benefits and taxes	(1,328,959)	(1,475,798)
Conferences, conventions and meeting	(149,120)	(165,282)
Vendors and other	<u>(684,390)</u>	<u>(738,824)</u>
Net cash provided by operating activities	<u>389,465</u>	<u>185,909</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in deposits held in custody for others	(9,213)	12,149
College support	(59,833)	(79,259)
Contributions	<u>25,237</u>	<u>4,331</u>
Net cash used in noncapital financing activities	<u>(43,809)</u>	<u>(62,779)</u>
Cash flows from investing activities:		
Interest income	14,896	15,504
Reinvestment of interest received	<u>(14,303)</u>	<u>(14,995)</u>
Net cash provided by investing activities	<u>593</u>	<u>509</u>
Net change in cash and equivalents	346,249	123,639
Cash and equivalents at beginning of year	<u>833,053</u>	<u>709,414</u>
Cash and equivalents at end of year	<u>\$ 1,179,302</u>	<u>833,053</u>

(Continued)

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 132,285	268,078
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,867	1,868
Changes in:		
Accounts receivable	24,635	(24,635)
Due from Lehman College	184,270	(108,938)
Prepaid expenses	5,125	(3,332)
Accounts payable and accrued expenses	(156,576)	107,999
Unearned revenue	<u>197,859</u>	<u>(55,131)</u>
Net cash provided by operating activities	<u>\$ 389,465</u>	<u>185,909</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2020 and 2019

(1) Nature of Organization

The Herbert H. Lehman College Association for Campus Activities, Inc. (the Association) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Lehman College (the College) of the City University of New York (CUNY or the University). The Association's revenue is derived primarily from student activity fees levied by a resolution of the Board of Director's of the University and collected by the College on the Association's behalf. The Association was incorporated on February 24, 1984.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Association's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Association is considered to be a special-purpose 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) 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, 2020 and 2019, the Association had a restricted - expendable net position balance of \$765,112 and \$601,869, respectively.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents

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

(d) 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.

(e) 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 \$1,094,814 and \$1,050,339 at June 30, 2020 and 2019, 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.

(f) 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 five years and a cost or value at the time of receipt of \$5,000 or more for all computer, furniture, 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.

(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 summer and fall semesters of the subsequent year are recorded as unearned revenue.

(h) 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

(i) 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.

(j) 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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Association and its future results and financial position is not presently determinable.

(k) 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.

(l) Reclassifications

Reclassifications have been made to certain 2019 balances in order to conform them to the 2020 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, 2020, \$1,021,783 of the Association's \$1,271,783 bank balance was exposed to custodial credit risk.

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

Notes to Financial Statements, Continued

(3) Cash and Equivalents and Investments, Continued

(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, 2020, the Association's entire investment portfolio balance of \$1,094,814 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

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

The Association's investments in the CUNY investment pool comprise assets which are pooled and invested by and under the control of the Committee. Pooled investments include equity and fixed income securities. Investments as of June 30, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Investments in CUNY investment pool, short-term	\$ 54,741	52,517
Investments in CUNY investment pool, long-term	<u>1,040,073</u>	<u>997,822</u>
	<u>\$ 1,094,814</u>	<u>1,050,339</u>

The following table summarizes the activity of investments for the years ended June 30, 2020 and 2019:

Balance at June 30, 2018		\$ 994,381
Interest and dividends		14,995
Realized gains		159,020
Unrealized losses		<u>(118,057)</u>
Balance at June 30, 2019		1,050,339
Interest and dividends		14,303
Realized gains		22,256
Unrealized gains		<u>7,916</u>
Balance at June 30, 2020		\$ <u>1,094,814</u>

A summary of investment income from the CUNY investment pool for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 14,303	14,995
Realized gains	22,256	159,020
Unrealized gains (losses)	<u>7,916</u>	<u>(118,057)</u>
Total investment income	\$ <u>44,475</u>	<u>55,958</u>

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

Notes to Financial Statements, Continued

(5) Capital Assets

At June 30, 2020 and 2019, capital assets consisted of the following:

	2020			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 221,059	-	-	221,059
Less accumulated depreciation	(217,831)	(1,867)	-	(219,698)
Capital assets, net	\$ <u>3,228</u>	(1,867)	-	<u>1,361</u>
	2019			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 221,059	-	-	221,059
Less accumulated depreciation	(215,963)	(1,868)	-	(217,831)
Capital assets, net	\$ <u>5,096</u>	(1,868)	-	<u>3,228</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, 2020 and 2019.

(7) Related Party Transactions

At June 30, 2020 and 2019, the Association was owed a total of \$653,367 and \$837,637, respectively, from Lehman College, CUNY Research Foundation (CUNY RF) and Lehman College Auxiliary Enterprise Corporation. The Association is occasionally required to transfer funds to/from Lehman College, CUNY RF and other related entities during the course of the year for payroll, reimbursements and other such costs.

The Association has invested \$1,094,814 and \$1,050,339 as of June 30, 2020 and 2019, respectively, in the CUNY investment pool (note 4).

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Notes to Financial Statements, Continued

(8) Deposits Held in Custody for Others

At June 30, 2020 and 2019, the Association held \$75,344 and \$84,557, 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, 2020 and 2019, the board designated net position amounted to \$1,296,984, of which \$1,132,030 is for Student Life Building renovation, \$14,954 for Emergency Loan fund and \$150,000 for the Student Health Care Center.

(10) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

- GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. 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.
- GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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Notes to Financial Statements, Continued

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

- GASB Statement No. 89 - “Accounting for Interest Cost Incurred Before the End of a Construction Period.” This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

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Notes to Financial Statements, Continued

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

- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which is the fiscal year beginning July 1, 2021 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.