

**LEHMAN COLLEGE AUXILIARY
ENTERPRISES CORPORATION**

FINANCIAL REPORT

JUNE 30, 2000

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lehman College Auxiliary Enterprises Corporation
Bronx, New York

We have audited the accompanying balance sheets of Lehman College Auxiliary Enterprises Corporation as of June 30, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lehman College Auxiliary Enterprises Corporation as of June 30, 2000 and 1999, and the results of its activities and its cash flows for the years then ended in conformity with generally accepted accounting principles.

McGladrey & Pullen, LLP

New York, New York
September 7, 2000

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

**BALANCE SHEETS
June 30, 2000 and 1999**

ASSETS	2000	1999
Cash and cash equivalents (Notes 5 and 7)	\$ 158,108	\$ 229,408
Investments in the City University of New York Investment Pool (Note 2)	178,175	-
Commissions receivable (Note 3)	90,677	88,979
Prepaid expenses and other assets	23,546	33,311
Equipment and improvements (Note 4)	460,432	442,253
Total assets	\$ 910,938	\$ 793,951
 LIABILITIES AND FUND BALANCE		
Accounts payable and accrued expenses	\$ 32,386	\$ 20,669
Deposits held in custody for others (Note 5)	30,086	12,072
Security deposits	36,368	36,368
Total liabilities	98,840	69,109
 Fund balance, unrestricted (Note 6):		
Undesignated	634,158	607,072
Designated	177,940	117,770
Total fund balance	812,098	724,842
Total liabilities and fund balance	\$ 910,938	\$ 793,951

See Notes to Financial Statements.

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

**STATEMENTS OF ACTIVITIES
Years Ended June 30, 2000 and 1999**

	2000	1999
Revenues:		
Bookstore commissions (Note 3)	\$ 166,510	\$ 179,972
Cafeteria and vending commissions (Note 3)	135,335	32,161
Facility rental	50,400	43,965
Parking fees	158,736	152,667
Investment income	1,932	441
Total revenues	512,913	409,206
Expenses:		
Program services:		
Parking	98,566	89,813
Student programs	66,671	58,487
Supporting services:		
Campus functions	88,649	58,157
Donations, The City University of New York	75,000	-
Management and general	96,771	35,166
Total expenses	425,657	241,623
Excess of revenues over expenses	87,256	167,583
Fund balance:		
Beginning	724,842	557,259
Ending	\$ 812,098	\$ 724,842

See Notes to Financial Statements.

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

**STATEMENTS OF CASH FLOWS
Years Ended June 30, 2000 and 1999**

	2000	1999
Cash Flows From Operating Activities		
Excess of revenues over expenses	\$ 87,256	\$ 167,583
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Unrealized loss on investments	9,684	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Commissions receivable	(1,698)	(10,463)
Prepaid expenses and other assets	9,765	6,081
Increase in:		
Accounts payable and accrued expenses	11,717	4,808
Security deposits	-	23,028
Net cash provided by operating activities	<u>116,724</u>	<u>191,037</u>
Cash Flows From Investing Activities		
Purchases of investments in the City University of New York Investment Pool	(187,859)	-
Purchase of equipment and improvements	(18,179)	(2,878)
Net cash used in investing activities	<u>(206,038)</u>	<u>(2,878)</u>
Cash Flows From Financing Activities		
Repayments of loan payable	-	(53,958)
Deposits held in custody for others	18,014	6,671
Net cash provided by (used in) financing activities	<u>18,014</u>	<u>(47,287)</u>
Net increase (decrease) in cash and cash equivalents	<u>(71,300)</u>	<u>140,872</u>
Cash and cash equivalents:		
Beginning	229,408	88,536
Ending	<u>\$ 158,108</u>	<u>\$ 229,408</u>

See Notes to Financial Statements.

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The Lehman College Auxiliary Enterprises Corporation, formerly The Herbert H. Lehman College Auxiliary Enterprises Corporation, Incorporated, (the "Corporation") is a not-for-profit corporation organized to support certain student activities and provide facilities and auxiliary services for the benefit of Lehman College's (the "College") campus community. The Corporation is subject to oversight by the Board of Trustees of The City University of New York ("CUNY").

A summary of the Corporation's significant accounting policies follows:

Basis of presentation: The Corporation's financial statements are prepared in accordance with the reporting model recognized in the American Institute of Certified Public Accountants' Statement of Position ("SOP") 78-10, *Accounting Principles and Reporting Practices for Certain Nonprofit Organizations*, as modified by Financial Accounting Standards Board Standards issued on or before November 30, 1989 that do not conflict with Governmental Accounting Standards Board Standards.

The financial statements are prepared on the accrual basis of accounting except that no provision has been made for the depreciation of equipment and improvements.

Cash and cash equivalents: Cash and cash equivalents consist of cash held in checking and money market accounts and a certificate of deposit purchased with a maturity of three months or less.

Investments: Investments consist of pooled investments which are assets invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the "CUNY Committee").

The Corporation records its investments at fair value with changes in the fair value of investments recorded in the statements of activities. The fair value is based on values reported by the CUNY Committee. Investment income (including gains and losses on investments, interest and dividends) is included in the statement of activities.

Equipment and improvements: Equipment and improvements are stated at cost.

Revenue recognition: Revenues are primarily derived from agreements with certain unrelated organizations to provide the College with bookstore and cafeteria services and fees charged for the use of parking facilities and are recognized when earned.

Income taxes: The Corporation is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code.

Donated use of space and services: The Corporation operates on the campus of the College and, as such, office space and certain services are made available to it. The cost savings associated with any such arrangements are not reflected in the results of its activities, because the Corporation does not have a clearly measurable and objective basis for determining the value of donated space and services.

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

NOTES TO FINANCIAL STATEMENTS

Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Note 2. Investments

Investments as of June 30, 2000 consist of assets invested in the CUNY investment pool. The fair value and cost of this investment as of June 30, 2000 was \$178,175 and \$187,859, respectively. The investment in the pool is excluded from risk classification because specific securities related to the investment cannot be identified.

Note 3. Commissions

Bookstore commissions represent income earned under a contract with an unrelated organization to operate and maintain the campus bookstore. The terms of the contract provide the Corporation with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of the unrelated organization's sales at the campus bookstore.

Cafeteria and vending commissions represent income earned under contracts with unrelated organizations for the sale of food and nonalcoholic beverages on the College's premises. The terms of these contracts provide the Corporation with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of the unrelated organizations' sales on the College's premises.

Note 4. Equipment and Improvements

Equipment and improvements as of June 30, 2000 and 1999 consist of the following:

	2000	1999
Equipment	\$ 275,432	\$ 257,253
Parking lot improvements	185,000	185,000
	<u>\$ 460,432</u>	<u>\$ 442,253</u>

Note 5. Deposits Held in Custody for Others

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

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

NOTES TO FINANCIAL STATEMENTS

Note 6. Designated Fund Balance

Designated fund balance represents unrestricted fund balance designated by the Board of Trustees of CUNY to fund costs related to the operation and maintenance of the parking lot on the premises of the College which was developed and is owned by CUNY.

Parking revenues are derived from the sale of parking decals to students and faculty.

Note 7. Concentration of Credit Risk

The Corporation maintains its cash and cash equivalents in bank accounts which, at times may exceed federally-insured limits. This potentially subjects the Corporation to a concentration of credit risk. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on uninsured cash.

Note 8. Reclassifications

Certain reclassifications have been made to the 1999 financial statements to conform with presentations in the 2000 financial statements.

**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

To the Board of Directors
Lehman College Auxiliary Enterprises Corporation
Bronx, New York

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New York, New York
September 7, 2000

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

**SCHEDULES OF DEPOSITS HELD IN CUSTODY FOR OTHERS
June 30, 2000 and 1999**

	2000	1999
Lovinger Theatre	\$ 24,142	\$ 4,292
Multi-lingual Program	1,621	1,744
Bronx technology	-	1,713
Faculty teaching overload	4,323	4,323
Total	<u>\$ 30,086</u>	<u>\$ 12,072</u>

**LEHMAN COLLEGE
AUXILIARY ENTERPRISES CORPORATION**

**SCHEDULES OF EXPENSES - PARKING ACTIVITIES
Years Ended June 30, 2000 and 1999**

	2000	1999
Salaries and benefits	\$ 27,035	\$ 25,233
Security	69,663	61,988
Other	1,868	2,592
Total	<u>\$ 98,566</u>	<u>\$ 89,813</u>