Office of Budget and Finance
Financial Management Guidelines

College Associations

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I. PURPOSE AND SCOPE OF POLICY

The purpose of this policy is to establish guidelines governing the college associations that support The City University of New York (“CUNY” or the “University”).

A. Fiscal Accountability Handbook
Section 16.8 of the Bylaws of the CUNY Board of Trustees (“CUNY Bylaws”) provides that the CUNY chancellor or his/her designee shall promulgate regulations in a fiscal accountability handbook, to regulate all aspects of the collection, deposit, financial disclosure, accounting procedures, financial payments, documentation, contracts, travel vouchers, investments and surpluses of student activity fees and all other procedural and documentary aspects necessary, as determined by the chancellor or his/her designee to protect the integrity and accountability of all students activity fee funds.

The City University Fiscal Handbook for the Control and Accountability of Student Activity Fees (“Fiscal Accountability Handbook”) was issued in 1992 in compliance with Section 16.8. This policy is intended to supplement the Fiscal Accountability Handbook.

II. OVERVIEW

The college associations (each an “Association”) are entities and fund groups created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of the various CUNY colleges. Each Association supports a particular college. The Associations’ revenue is derived primarily from student activity fees levied by a resolution of the Board of Trustees of the University and collected by the colleges.

III. AUTHORITY

Pursuant to Section 16.5 of the CUNY Bylaws, an Association shall have responsibility for the supervision and review over college student activity fees supported budgets.

IV. STRUCTURE, GOVERNANCE AND DISSOLUTION

A. Structure
Most Associations are organized as New York not-for-profit corporations or unincorporated associations legally separate from the University, and are tax-exempt under §501(c)(3) of the Internal Revenue Code. The remaining Associations are fund groups of the college they support.

Section 16.5(b) of the CUNY Bylaws describes the composition of an Association as follows:

b) A college association shall be considered approved for purposes of this article if it consists of thirteen (13) members, its governing documents
are approved by the college president and the following requirements are met:

1. The governing board of the college association is composed of:
   
   (i) The college president or his/her designee as chair.
   
   (ii) Three administrative members appointed by the college president.
   
   (iii) Three faculty members appointed by the college president from a panel whose size is twice the number of seats to be filled and the panel is elected by the appropriate college faculty governance body.
   
   (iv) Six student members comprised of the student government president(s) and other elected students with the student seats allocated on a basis which will provide representation to each government, where more than one exists, as nearly as practicable in proportion to the student activity fees provided by the students from the respective constituencies.

2. The college association structure provides a budget committee composed of members of the governing board, at least a majority of whom are students selected in accordance with section 16.5.(b) (1)(iv) of these bylaws. The budget committee shall be empowered to receive and review student activity fee budget requests and to develop a budget subject to the review of the college association. The college association may choose to approve the budget or portions of the budget if in their opinion such items are inappropriate, improper, or inequitable. The budget shall be returned to the budget committee with the specific concerns of the college association noted for the further deliberation by the budget committee and subsequently resubmitted to the college association. If the budget is not approved within thirty (30) days those portions of the budget voted upon and approved by the college association board will be allocated. The remainder shall be held until the college association and the budget committee agrees.

3. The governing documents of the college association have been reviewed by the CUNY’s general counsel and approved by CUNY’s Board of Trustees.

B. Governance

Each Association’s board of directors shall review its certificate of incorporation and by-laws at least every five years to ensure they are suitable for the Association’s current operations. As noted above, the governing documents of each Association, including any amendments to the certificate of incorporation or by-laws, are subject to CUNY Board of Trustee approval.
The composition of an Association’s board, including its membership, committee structure, and adherence to term limits if any, shall be in full compliance with the guidelines set forth by the University’s Board of Trustees, the certificate of incorporation and the by-laws.

Each Association’s board shall conduct its business, including meetings, elections of officers, other voting, and the keeping of minutes and other records, in full compliance with the by-laws and the New York Not-For-Profit Corporation Law (N-PCL). It shall maintain on file all official minutes of meetings, signed by the individual officially writing the minutes.

Each Association’s board shall maintain a current corporate resolution authorizing certain individuals to act on behalf of the Association between board meetings for executing documents and conducting other business.

C. Dissolution
Each separately organized Association shall include in its certificate of incorporation or articles of association a clause requiring that in the event of its dissolution, the Association’s assets shall be distributed to another appropriate not-for-profit corporation, or the University, for the benefit of the college that the Association was created to support.

V. Legal and Tax Compliance

Each incorporated Association shall meet all requirements of the N-PCL. Each shall maintain its corporate status on a current basis through filings as required by the New York State Secretary of State.

Each Association shall meet all applicable registration and reporting requirements of New York charities pursuant to the New York Estates, Powers and Trust Law and the New York Executive Law, and all other applicable New York State statutes and regulations. The Association shall follow the Open Meeting law.

Each Association shall make all required filings with the Internal Revenue Service (IRS) and the New York State Department of Taxation and Finance. An Association shall determine whether any of its income represents unrelated business income. If required, it shall file form 990-T with its annual federal informational tax returns (the Form 990), and shall pay any federal tax owed. If subject to New York unrelated business income tax, it shall also file NYS Form CT-13 and pay any tax owed.

Each Association shall follow all other applicable tax laws promulgated by the IRS or New York State, including those related to payroll and vendor payments (Form 1099).

Each separately-organized Association shall make available for public inspection its requests to the IRS for tax-exempt status, its IRS “determination” letters as a 501 (c) (3) organization, and its federal informational tax returns (Form 990) for the past three years. It shall provide copies of these documents to those who request them, as required by law.
Each Association shall comply with all other local, state and federal laws applicable to its organization and activities.

VI. INSURANCE

Each Association shall obtain directors and officers liability insurance and comprehensive general liability insurance, in such amounts determined by the board to be reasonable and appropriate. Each Association’s board should routinely review total amounts for all forms of insurance to provide sufficient and appropriate coverage. Further, an Association should obtain insurance for any special events sponsored by it and not otherwise covered by the Association’s general liability policy.

VII. PERSONNEL

Each Association shall abide by Section 715 of the N-PCL regarding conflicts of interest. Business transactions involving the Association and the personal or business affairs of a trustee, director, officer, or staff member shall be approved in advance by resolution at a stated meeting of the governing board. In addition, trustees, directors, officers, and staff members of the Association shall disqualify themselves from making, participating in making, or in any way attempting to use their official positions to influence a decision in which they have or would have financial interest. Certain members of contract evaluation committees or Association boards, including CUNY faculty and staff who serve on the committee and/or board in their role as faculty or staff members, will also be subject to New York State’s ethics laws.

Each Association should, after review of appropriate comparability data, set compensation standards, including salary ranges and fringe benefits, for its employees. Where feasible, compensation standards, with specified minimum and maximum pay ranges, shall be comparable to positions at the affiliated college and at Associations supporting other University colleges, with similar responsibilities.

No Association shall discriminate in employment or in its programs and activities on the basis of race, color, creed, national origin, ethnicity, ancestry, religion, age, sex, sexual orientation, gender identity, marital status, legally registered domestic partnership status, disability, predisposing genetic characteristics, alienage, citizenship, military or veteran status, or status as a victim of domestic violence.

VIII. ADMINISTRATION OF STUDENT ACTIVITY FEE-SUPPORTED BUDGETS

A. Student Activity Fees

According to Section 16.1 of the CUNY Bylaws:

The student activity fee is the total of the fees for student government and other student activities. Student activity fees, including student government fees collected by a college of the university shall be deposited in a college central depository and except where earmarked by the board, allocated by a college association budget committee subject to review by the college association as required in these Bylaws.

Effective: July 1, 2007
B. Associations’ Responsibility for Budgets

Pursuant to Section 16.5(a) of the CUNY Bylaws, the Associations shall have responsibility for the supervision and review over college student activity fee-supported budgets. The budget committee of each Association shall develop all budgets of college student activity fees, except where earmarked by the University’s Board of Trustees to be allocated by another body, and shall recommend such budgets to the Association for review by the Association prior to expenditure. An Association shall review all college student activity fees, including student government fee, allocations and expenditures for conformance with the expenditure categories described below. The Association shall disapprove any allocation or expenditure that it finds does not conform to the expenditure categories or is inappropriate, improper, or inequitable.

Section 16.2 of the CUNY Bylaws limits the allocation and expenditure of student activity fees to the following categories:

1. Extracurricular educational programs;
2. Cultural and social activities;
3. Recreational and athletic programs;
4. Student government;
5. Publications and other media;
6. Assistance to registered student organizations;
7. Community service programs;
8. Enhancement of the college and University environment;
9. Transportation, administration and insurance related to the implementation of these activities;
10. Student services to supplement or add to those provided by the University; and
11. Stipends to student leaders.

C. Review Authority of College Presidents Over Student Activity Fee-Supported Budgets

Pursuant to Section 16.11(a) of the CUNY Bylaws, the college president has the authority to disapprove any student activity fee, including student government fee, which in his or her opinion contravenes the laws of the city, state, or nation or any bylaw or policy of the University or any policy, regulation, or order of the college. The college president must consult with the CUNY General Counsel and Vice Chancellor for Legal Affairs regarding any such disapproval, and communicate his or her decision to the allocating body. Section 16.11 provides further:

b. The president of the college shall have the authority to suspend and send back for further review any student activity fee, including student government fee, allocation or expenditure which in his or her opinion is not within the expenditure categories defined in the section 16.2 of this article [see Associations’ Responsibility for Budgets, above]. The college association shall, within ten (10) days of receiving a proposed allocation or expenditure for further review, study it and make a recommendation to the president with respect to it. The college
president shall thereafter consider the recommendation, shall consult with the general counsel and vice chancellor for legal affairs, and thereafter communicate his/her final decision to the allocating body as to whether the allocation or expenditure is disapproved.

c. The chancellor or his/her designee shall have the same review authority with respect to university student activity fees that the college president has with respect to college student activity fees.

d. All disapprovals exercised under this section shall be filed with the general counsel and vice chancellor for legal affairs.

e. Recipients of extramural student activity fees shall present an annual report to the chancellor for the appropriate board committee detailing the activities, benefits and finances of the extramural body as they pertain to the colleges where students are paying an extramural fee.

D. Management and Disbursement of Funds
Pursuant to Section 16.6 of the CUNY Bylaws, the college and all student activity fee allocating bodies shall employ generally accepted accounting and investment procedures in the management of all funds. All funds for the support of student activities are to be disbursed only in accordance with approved budgets and be based on written documentation. A requisition for disbursement of funds must contain two signatures; one, the signature of a person with responsibility for the program; the other the signature of an approved representative of the allocating body.

IX. Financial Management
The board of directors of an Association is responsible for developing and managing its budgets and operating plans, monitoring its fiscal status and complying with applicable federal, state, and local laws, and the University’s and its affiliated college’s rules and regulations. Periodically, each Association’s financial functions shall be reviewed and approved by the chief financial officer of the Association and its affiliated college.

A. Budgeting
Each Association should annually develop an operating budget that includes the total financial operation of the entity and is prepared on the basis of historical data, projected short-range trends, and long-range financial objectives. All budgets shall be reviewed and approved by the Association’s board of directors prior to expenditure or execution. See Section VIII of this Policy for specific requirements regarding student activity fee budgets.
i. Surpluses

Surpluses remaining at the end of the fiscal year in college purpose funds, clubs and other organizations funded by the student activity fees are not to be carried forward to the next annual fiscal year by the individual organizations. These surpluses must be returned to the college association or allocating bodies. These surpluses become the allocating bodies’ surpluses in the case of Board of Trustees earmarked fees, or the college associations’ surpluses in case of unearmarked fees. The college association by a two-third vote may, however, authorize the retention of surpluses by individual organizations, in their college association accounts, in the next fiscal year provided the surpluses do not exceed ten percent of the amount budgeted, or $1,000, whichever is less.

The college association or allocating body can authorize a club or organization to retain surpluses arising from events or other sources during the year.

Surpluses arising in the prior fiscal year should be reviewed in the current year by the allocating bodies or college association. Any actions to allocate or reserve these surpluses shall require a separate resolution and vote for approval. Any actions to allocate or reserve surpluses cannot extend beyond the fiscal year in which the resolution was passed. In order to carry reserves forward to future fiscal periods, the CUNY Board of Trustees’ approval would be required. Alternatively, if allocating bodies or a college association desires to reserve surpluses for future years, the procedures outlined in Reserves section below must be followed.

ii. Reserves

Reserve for Contingencies
Subject to the approval of its board of directors, an Association may maintain a reserve to cover unexpected needs of the Association not specifically identified in the budget. This amount reserved for contingencies may vary by Association and the nature of the activity that flows through the organization should be considered when determining the appropriate balance. However, the reserve for an Association for unexpected needs shall not exceed 5%, or $50,000, whichever is less, of the annual budget, unless the Association can demonstrate to the Vice Chancellors for Budget and Finance, and Student Development that a higher reserve is necessary. This reserve shall be reviewed and approved by the Association’s board of directors on an annual basis.

Reserve for Specific Purpose
A reserve for a specific purpose may also be established, with the approval of the Association’s board of directors. The amount of the reserve should not exceed $150,000, or 10% of the annual budget, whichever is less. However, a specific reserve in excess of the aforementioned amounts may be established with the approval of two-thirds of the Association’s board. The accumulated balances in the reserve account shall be reviewed by the Association board of directors on an annual basis and reported in the entity’s financial statements.
B. Cash and Treasury Management
According to Section 16.7 of the CUNY Bylaws, all revenues generated by student activities funded through student activity fees shall be placed in a college central bank account subject to the control of the allocating body. The application of such revenues to the account of the income generating organization shall require the specific authorization of the allocating body.

i. Cash and Investments
Any cash that is scheduled to be used in the current year should be invested in short-term investments such as U.S. Treasury bills, bank savings accounts, money market accounts, certificates of deposits or the University's short-term investment program. Funds that can be invested for a longer period should be invested in the University's Investment Pool operated through the Office of the University Controller.

ii. Transfers
An Association's board of directors shall approve any transfers outside of the budget between the Association and other entities, including its affiliated college.

C. Procurement
The Association shall follow the guidelines set forth in the Fiscal Accountability Handbook for all procurement transactions.

D. Accounting
Each Association should maintain a centralized financial system that provides an accrual basis accounting system. Each Association is required to process all financial transactions through the system and to prepare uniform statements and reports.

i. Relevant Accounting Guidance
Each Association’s accounting policies shall conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

Each Association is responsible for implementing all new GASB pronouncements.

ii. Capital Assets
Any equipment purchased with Association funds meeting the University's capitalization threshold should be tagged and included as Association property in the University's fixed assets system (INSITE) in a timely manner. The affiliated college's property manager should be responsible for the inventory of these assets on an annual basis.

The Association should follow the University's capitalization policy (i.e., all equipment $5,000 or greater, except computer hardware $1,000 or greater, should be capitalized) to ensure accurate and consistent reporting of the assets. The Association may also decide to track items under these thresholds, if they deem them as sensitive items (i.e., they are sensitive to theft).
X. FINANCIAL REPORTING

For financial reporting purposes, the Association is considered to be a special-purpose government engaged only in business-type activities. GASB describes business-type activities as activities financed, in whole or in part, by fees charged to external parties for goods and services.

Each Association must prepare an annual financial statement in conformity with GAAP and GASB and have an audit conducted by an independent certified public accounting firm in accordance with GAAS (generally accepted auditing standards). The Office of the University Controller is responsible for selecting and contracting with the audit firm who will perform the annual audit.

Pursuant to Section 16.13 of the CUNY Bylaws, each Association shall fully disclose all financial information with respect to its activities to its membership, to the affiliated college and to that college’s student government. The books and records, financial condition, operating results, and program activities of an Association shall also be subject to periodic audits by the University’s Office of the Internal Audit and Management Services and outside regulatory bodies to the extent allowed by law. Each Association shall provide copies of all audit reports from whatever source, including the certified financial statements and management letter, to the president of its affiliated college, and the University’s Office of the Controller and Office of Internal Audit and Management Services.

Refer to Appendix A for financial statement reporting categories.

XI. POLICIES AND PROCEDURES

Each Association should follow the policies and procedures set forth in this document and the Fiscal Accountability Handbook.

The affiliated college’s Business Office should assist an Association in the implementation of the fiscal policies and procedures affecting the Association and the establishment of effective and efficient financial procedures that comply with the policies and procedures established by the college and University.

XII. INTERNAL CONTROLS

Each Association is responsible for establishing and maintaining adequate internal controls. Some of these controls include maintaining segregation of duties between the cash receipts and disbursements functions, preparing timely bank reconciliations, requiring dual signatories on checks above $2,500, and maintaining segregation duties between the accounts payable and purchasing, and payroll and human resource functions. When adequate segregation cannot be implemented, adequate supervision must be maintained.

Effective: July 1, 2007
XIII. RECORDS RETENTION

Each Association should adopt a records retention and disposition policy consistent with that issued by the University.

XIV. TRANSITION

An Association structured or engaged in activities inconsistent with the guidelines contained herein must conform to the guidelines within one year from the effective date of publication. Any exception must be approved by the college president and the CUNY Chancellor or designee.

XV. GUIDANCE

Where applicable, this section contains links and/or references to the authorities governing this policy:

New York Not-for-Profit Corporation Law – http://public.leginfo.state.ny.us
New York State Charities Bureau - www.oag.state.ny.us/charities/charities.html
American Institute of Certified Public Accountants – www.aicpa.org
National Association of College and University Business Officers – www.nacubo.org
Governmental Accounting Standards Board – www.gasb.org
Bylaws of the Board of Trustees of The City University of New York
CUNY Capital Asset Policy
Fiscal Accountability Handbook

XVI. UPDATE AND PERIODIC REVIEW

The CUNY Office of the University Controller will be responsible for the periodic review and revision of this policy, as well as ensuring that all appropriate parties are informed of the guidelines stated above.
Financial Reporting Classifications
The following section describes the manner in which revenues, expenses, assets, liabilities and net assets should be reported in the Association’s financial statements. Since reporting is done on two levels, with individually prepared and audited financial statements, which are then “rolled up” to a combining University-wide report, it is essential to maintain consistency in reporting.

The categories listed on the next several pages are designed to include all known activities appropriate to Association operations. As the University and the Associations expand and change, and regulations are revised, it may be necessary to expand and change this structure as well. Any changes should be coordinated through the Office of the University Controller.

The description column contains examples, and does not include all items that could be contained in each category. If the category “other” represents more than 5% of its respective category (other revenues, other operating expenses, etc.) this may indicate that a new category should be established. Please contact the Office of the University Controller if this occurs.

Statement of Net Assets
The Statement of Net Assets should focus on the Association as a whole and should report the amounts of its assets, liabilities and net assets. Assets and liabilities should be aggregated into reasonable homogenous groups. As required by GASB 34, the Statement of Net Assets is presented in classified format, meaning that short and long-term assets and liabilities are segregated.

All assets and liabilities that will be converted to cash or otherwise used within the fiscal year following the financial statement date are considered current, all others are noncurrent. Examples of current assets include receivables, which are due to be collected in the next fiscal year, and prepaid expenses, which will be expensed within the next fiscal year. Examples of current liabilities include accounts payable and accrued expenses, which will be paid in the next fiscal year, and deferred revenue, which will be earned in the next fiscal year.

Examples of noncurrent assets include investments, which are purchased with long-term objectives, and capital assets, which according to CUNY capitalization policy, have useful lives of at least two years. Examples of noncurrent liabilities include security deposits held under terms of contracts with expiration dates greater than one year from the financial statement date.
<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Descriptions and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Highly liquid assets with maturities of 90 days or less, including bank savings and checking accounts; letters of credit; overnight repurchase agreements, and money market accounts.</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>Receivables related to student activity fees. Accounts receivable are presented on the financial statements net of allowance for doubtful accounts.</td>
</tr>
<tr>
<td>Other receivables</td>
<td>Receivables from sources that are not included in other receivable categories.</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>Receivables from any CUNY-affiliated entity such as auxiliaries, college foundations, performing arts centers, child care centers and the Research Foundation of The City University of New York (RFCUNY).</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>Estimated amount of uncollectible receivables. For each category of receivable, a separate allowance should be maintained.</td>
</tr>
<tr>
<td>Investments</td>
<td>Funds held in fixed and equity securities, including bonds, stocks and bills with maturities greater than 90 days, purchased with a short-term objective.</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>Payments in advance for such items as insurance, subscriptions and rent.</td>
</tr>
<tr>
<td>Other current assets</td>
<td>Current assets that do not fit into the other available categories.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent Assets</th>
<th>Descriptions and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>Funds held in fixed and equity securities with maturities greater than 90 days, purchased with a long-term objective.</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>Assets 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 equipment, and $5,000 or more for noncomputer related equipment.</td>
</tr>
</tbody>
</table>

Categories of capital assets include land, land improvements, buildings, building improvements, infrastructure, and infrastructure improvements, construction in progress, equipment, and works of art and historical treasures.

Capital assets are presented net of depreciation on the face of the financial statements. With the exception of land, construction in progress, and works of art and historical treasures, capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years.
### Noncurrent Assets

<table>
<thead>
<tr>
<th>Descriptions and Examples</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Depreciation</td>
<td>Cumulative depreciation pertaining to a group of assets from the time the assets were placed in services until the date of the financial statement.</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>Non-current assets that do not fit into the other available categories.</td>
</tr>
</tbody>
</table>

### Current Liabilities

<table>
<thead>
<tr>
<th>Descriptions and Examples</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>Accounts payable consist of balances owed to others for goods, supplies or services. Accrued expenses consist of expenses incurred but not paid at the financial statement date.</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>Payments received before the close of the period, but not yet earned.</td>
</tr>
<tr>
<td>Deposits held in custody for others</td>
<td>Funds held by the entity on behalf of other individuals, groups and organizations expected to be settled within one year.</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>Amounts due to any CUNY-affiliated entity such as auxiliaries, college foundations, performing arts centers, child care centers and the Research Foundation of The City University of New York (RFCUNY).</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>Liabilities that do not fit into the other available categories.</td>
</tr>
</tbody>
</table>

### Noncurrent liabilities

<table>
<thead>
<tr>
<th>Descriptions and Examples</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits held in custody for others</td>
<td>Funds held by the entity on behalf of other individuals, groups and organizations expected to be settled in more than one year.</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Descriptions and Examples</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>Net assets derived from operating and nonoperating activities.</td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>Net assets attributable to the acquisition, construction, repair, or improvements to capital assets, net of related debt, if any.</td>
</tr>
<tr>
<td>Restricted expendable</td>
<td>Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Associations or by the passage of time.</td>
</tr>
<tr>
<td>Restricted nonexpendable</td>
<td>Net assets subject to externally imposed restrictions requiring the Associations to maintain them in perpetuity.</td>
</tr>
</tbody>
</table>
Statement of Revenue, Expenses and Changes in Net Assets
A statement of revenues, expenses and changes in net assets reports the amount of the changes in net assets for the period.

Operating revenues are those that serve the Association’s principle purpose and generally result from exchange transactions.

<table>
<thead>
<tr>
<th>Operating Revenues by Major Category/Subcategory</th>
<th>Descriptions and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student activity fees</td>
<td>Fees paid by students to support student clubs, student government, various campus services, and student activities.</td>
</tr>
<tr>
<td>Sports income</td>
<td>Revenues other than rental categories listed above, received for sports and athletics enterprises and events, such as athletic facility memberships, college-managed sports camp fees, tournament income, etc.</td>
</tr>
<tr>
<td>Facility Fees</td>
<td>Revenues from facility rentals including classrooms, gymnasiums, athletic fields, parking lots and performing arts centers, and related equipment and services. On the face of the financial statement, all categories of rental are combined. However, due to the taxability of certain rental transactions, where equipment or services are provided with site rentals, a value must be placed on each component of the rental. Supporting records should include the information necessary to identify each rental component.</td>
</tr>
<tr>
<td>Childcare grants</td>
<td>Grants (exchange transactions) received from federal, state, or local agencies to support childcare centers.</td>
</tr>
<tr>
<td>Childcare fees</td>
<td>Fees collected from individuals for childcare services.</td>
</tr>
<tr>
<td>Student organization revenues</td>
<td>Revenues supporting student clubs and organization through fees, sales and various sources.</td>
</tr>
<tr>
<td>o Yearbook sales</td>
<td>Gross sales from student yearbooks.</td>
</tr>
<tr>
<td>o Student club membership fees</td>
<td>Fees collected from students for membership in clubs and organizations.</td>
</tr>
<tr>
<td>o Sales of caps and gowns</td>
<td>Gross sales from caps and gowns.</td>
</tr>
<tr>
<td>o Other student organization revenue</td>
<td>Revenues for student clubs and organizations other than those listed above.</td>
</tr>
<tr>
<td>Donated space and services</td>
<td>Space and services paid for by the colleges, and used by the Associations, are recognized as revenue. The measurement is determined by a number of factors, including value of space and personnel services.</td>
</tr>
<tr>
<td>Other</td>
<td>All sources of operating revenue not included in the other classifications including continuing education programs, training income, parking fees, international studies fees, advertising, and commissions. If any category is greater than 5% of total revenues, please notify the Controller’s Office.</td>
</tr>
</tbody>
</table>
Operating expenses are typically recorded by functional classifications, or primary purposes categories. Expenses should be properly classified so that analysis can be performed for each expense category to determine whether revenues sufficiently cover expenses.

Each category includes all expenses necessary to deliver services, including, but not limited to personal services, contract labor, supplies and equipment, transportation, management, administration, insurance, and the value of donated services.

<table>
<thead>
<tr>
<th>Operating Expenses by Major Category/Subcategory</th>
<th>Descriptions and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student clubs and organizations</td>
<td>Expenses for operating student clubs, organizations, and activities. This category includes the bulk of expenses incurred by the Associations and includes space usage, personnel services, supplies, and other expenses.</td>
</tr>
<tr>
<td>o Communications media</td>
<td>Expenses for operating student newspapers, radio stations, video productions, and other forms of student-managed media including space usage, personnel services, repairs and maintenance, and supplies.</td>
</tr>
<tr>
<td>o Health wellness, and student insurance</td>
<td>Expenses for campus student health centers and student insurance including space usage, personnel services, supplies, and other expenses.</td>
</tr>
<tr>
<td>o Student workshops and conferences</td>
<td>Expenses associated with student attendance at workshops, conferences and similar events.</td>
</tr>
<tr>
<td>o Student centers</td>
<td>Expenses for operating student centers including tutorial assistance to students, space usage, personnel services, supplies and other expenses.</td>
</tr>
<tr>
<td>Athletics and recreation</td>
<td>Expenses associated with providing athletic and recreational programs including space usage, personnel services, repairs and maintenance, and supplies.</td>
</tr>
<tr>
<td>Student government</td>
<td>Expenses associated with providing for student governments, and student councils, including space usage, stipends to student leaders, supplies and other expenses.</td>
</tr>
<tr>
<td>Childcare</td>
<td>Expenses for providing child care services including management fees, personnel services, foods, repairs and maintenance, and supplies.</td>
</tr>
<tr>
<td>College programs and activities</td>
<td>Expenses benefiting the college's operations.</td>
</tr>
<tr>
<td>o Graduation/Commencement</td>
<td>Expenses associated with graduation ceremonies and related events, including caps and gowns, speaker fees, space rental, catering, supplies, etc.</td>
</tr>
<tr>
<td>o New student orientation</td>
<td>Expenses associated with student orientation including supplies, catering and other expenses.</td>
</tr>
<tr>
<td>o Community service programs</td>
<td>Expenses of providing aid to the community external to the college.</td>
</tr>
<tr>
<td>o Scholarships and fellowships</td>
<td>Expenses for scholarships and fellowships in the form of grants to students resulting from selection by the Association's board of directors or designee. Includes assistance to students attending study abroad programs.</td>
</tr>
</tbody>
</table>
Operating Expenses by Major Category/Subcategory  | Descriptions and Examples
---|---
Depreciation expense | Expense related to the portion or cost of a capital asset prorated over the estimated useful life of the asset.
Management and general | Expenses necessary for the management of the Association including legal and accounting fees, insurance, bad debt expense, personnel services and supplies.
Other | Expenses that do not fit into categories described above. If any category is greater than 5% of total operating expenses, please notify the Controller's Office.

Nonoperating revenues (expenses) include activities that have the characteristic of non-exchange transactions such as contributions and investment income.

Nonoperating Revenues/Expenses  | Descriptions and Examples
---|---
Investment income, net of management fees | Includes income earned from fixed and equity securities net of expense related to investments.
Net appreciation (depreciation) in fair value of investments. | Represents the realized and unrealized gains and/or losses on investments.
Gifts and contributions | Gifts (non-exchange non-reciprocal transactions) received to support the Association.
College support | Amounts provided by the Association to support its affiliated college's operations.

Statement of Cash Flows
Each Association should also produce a Statement of Cash Flows using the direct method as part of its annual audited financial statement.

Donated Space and Services
Chief among gifts-in-kind (donated services) received by Associations are supplies, contributed services, and use of facilities.

Supplies - The value of donated supplies is recorded as gift (donated supplies) revenue. Gifted supplies are recorded at the amount that the Association would normally have to pay for the items.

Facilities - If an Association is given the use of a building or other facilities either at cost or at a substantially reduced cost, the value of the gift (donated space) should be recognized in the financial statements as both gift revenue (donated space) and an expense. The value to be used should be the fair rental value of facilities that the Association would otherwise acquire if the contributed facilities were not available.

Services - The value of donated services should be recognized as both a contribution and an expense. The expense would be reported in the program/function category appropriate to the nature and purpose of the services provided.
Each Association must develop policies and procedures to ensure that appropriate documentation is available to substantiate any recognitions and for subsequent audit review.