

DOCTORAL AND GRADUATE STUDENTS' COUNCIL
OF THE CITY UNIVERSITY OF NEW YORK -
GRADUATE SCHOOL AND UNIVERSITY
CENTER FIDUCIARY ACCOUNTS

Financial Statements and
Supplementary Information

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF
THE CITY UNIVERSITY OF NEW YORK - GRADUATE SCHOOL
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INDEPENDENT AUDITORS' REPORT

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

The Board of Directors
Doctoral and Graduate Students' Council of the City
University of New York - Graduate School and
University Center Fiduciary Accounts:

Report on the Financial Statements

We have audited the accompanying financial statements of Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts (the Association) as of and for the years ended June 30, 2019 and 2018, 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 Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts as of June 30, 2019 and 2018, 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 7 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 1, 2019

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Management's Discussion and Analysis

June 30, 2019

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts' (the Association) financial position as of June 30, 2019, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Association's net position increased by \$14,635 or 6.05%.
- Operating revenue decreased by \$17,016 or 2.66%.
- Operating expenses decreased by \$9,326 or 1.56%.

Financial Position

The Association's net position, the difference between assets and liabilities, is one way to measure the Association's financial health. Over time, increases and decreases in the Association's net position is one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the Association's assets, liabilities and net position as of June 30, 2019 and 2018, under the accrual basis of accounting:

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>290,748</u>	<u>276,087</u>	<u>14,661</u>	5.31%
Liabilities	<u>34,250</u>	<u>34,224</u>	<u>26</u>	0.08%
Unrestricted net position	\$ <u>256,498</u>	<u>241,863</u>	<u>14,635</u>	6.05%

At June 30, 2019, the Association's total net position increased by \$14,635 or 6.05%, compared to the previous year.

At June 30, 2019, the Association's total assets increased by \$14,661 or 5.31%, compared to the previous year. The increase in total assets was due to an increase in cash caused by an overall reduction in expenses, as well as an increase in students' activity fee receivable from the college bursar.

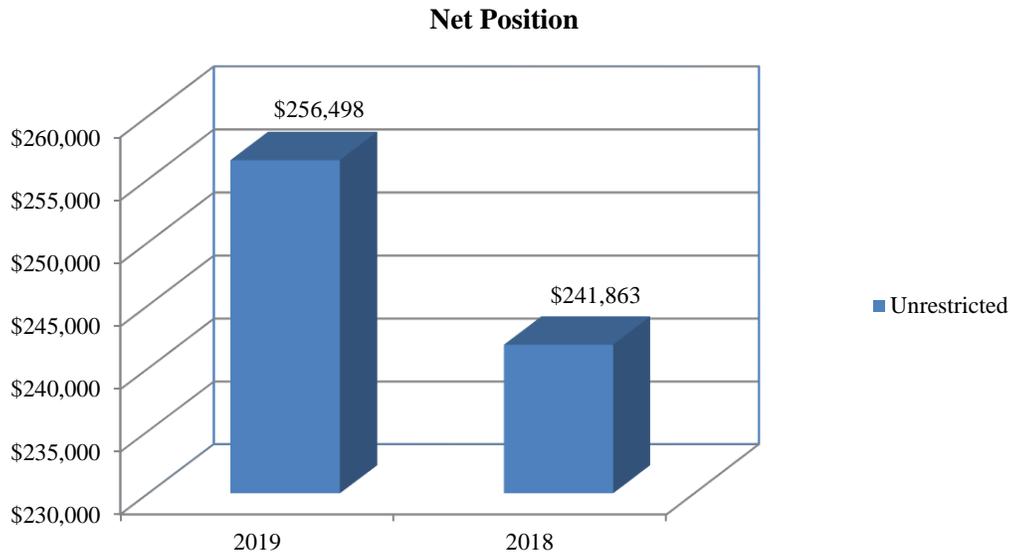
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Management's Discussion and Analysis, Continued

At June 30, 2019, the Association's total liabilities increased by \$26 or 0.08%, compared to the previous year. The minor increase in total liabilities was due to the timing of operating expense payments.

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

The following illustrates the Association's net position at June 30, 2019 and 2018 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, 2019 and 2018 are as follows:

Revenue

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 277,864	277,590	274	0.10%
Donated space and services	<u>344,552</u>	<u>361,842</u>	<u>(17,290)</u>	(4.78%)
Total operating revenue	622,416	639,432	(17,016)	(2.66%)
Nonoperating revenue	<u>8,205</u>	<u>14,177</u>	<u>(5,972)</u>	(42.12%)
Total revenue	\$ <u>630,621</u>	<u>653,609</u>	<u>(22,988)</u>	(3.52%)

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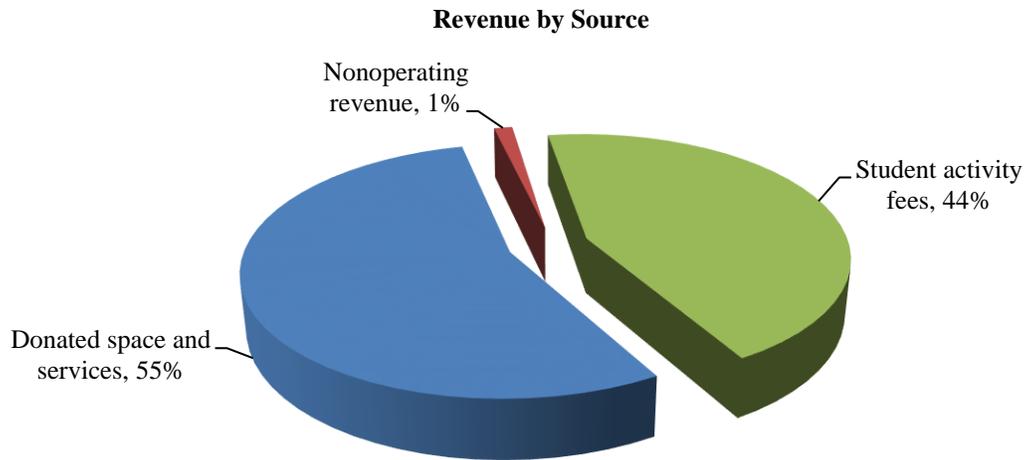
Management's Discussion and Analysis, Continued

The Association's total revenue for the year ended June 30, 2019 amounted to \$630,621, a decrease of \$22,988 or 3.52%, compared to the previous year. The major component of this variance is related to a decrease in donated space and services.

Student activity fees represented approximately 44% and donated space and services represented 55% 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, 2019:



Expenses

	<u>2019</u>	<u>2018</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student organizations and activities	\$ 539,528	539,080	448	0.08%
Medical center	1,791	1,365	426	31.21%
Management and general	21,264	25,814	(4,550)	(17.63%)
Publications and cultural affairs	<u>24,346</u>	<u>29,996</u>	<u>(5,650)</u>	<u>(18.84%)</u>
Total operating expenses	586,929	596,255	(9,326)	(1.56%)
Nonoperating expenses	<u>29,057</u>	<u>25,289</u>	<u>3,768</u>	14.90%
Total expenses	\$ <u>615,986</u>	<u>621,544</u>	<u>(5,558)</u>	(0.89%)

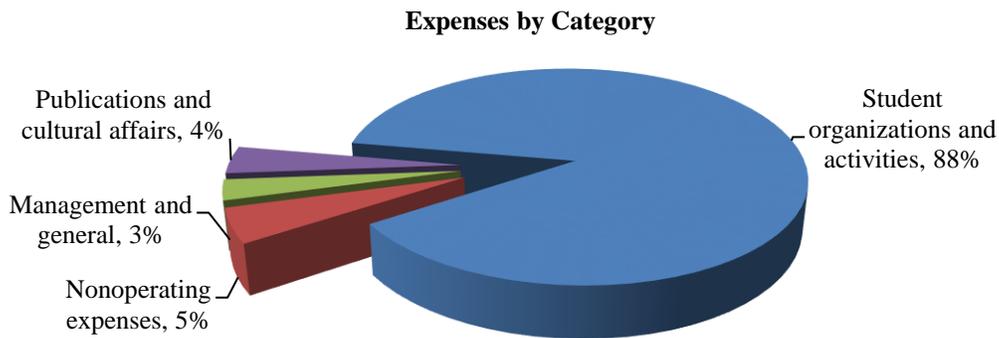
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Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2019 were \$615,986, a decrease of \$5,558 or 0.89%, compared to the previous year. The major components of this variance was due to decreases in publication and cultural affairs and management related fees. The spending on movie theater tickets has increased resulting in an increase of nonoperating expenses.

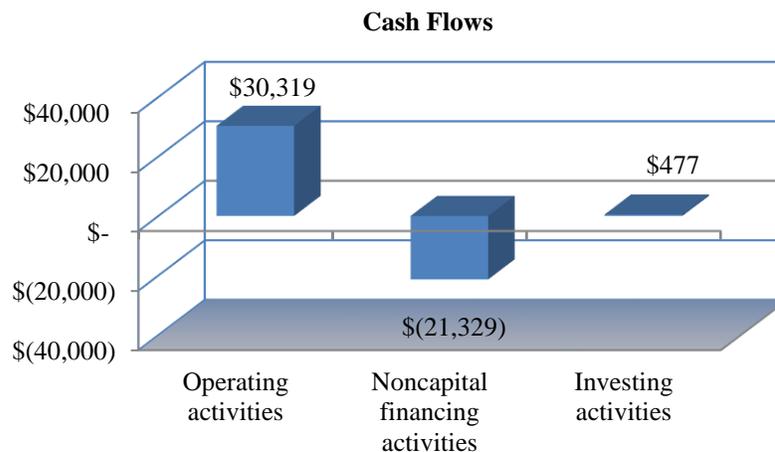
There were no other significant or unexpected changes in the Association's expenses.

The following illustrates the Association's expenses, by category, for the year ended June 30, 2019:



Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the Association's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Association's cash flows for the year ended June 30, 2019:



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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.

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Statements of Net Position
June 30, 2019 and 2018

	<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:			
Cash and equivalents		\$ 269,864	260,397
Other assets		<u>20,884</u>	<u>15,690</u>
Total current assets		<u>290,748</u>	<u>276,087</u>
	<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses		<u>34,250</u>	<u>34,224</u>
	<u>Net Position</u>		
Unrestricted		<u>\$ 256,498</u>	<u>241,863</u>

See accompanying notes to financial statements.

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Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Student activity fees	\$ 277,864	277,590
Donated space and services	<u>344,552</u>	<u>361,842</u>
Total operating revenue	<u>622,416</u>	<u>639,432</u>
Operating expenses:		
Student organizations and activities	539,528	539,080
Medical center	1,791	1,365
Management and general	21,264	25,814
Publications and cultural affairs	<u>24,346</u>	<u>29,996</u>
Total operating expenses	<u>586,929</u>	<u>596,255</u>
Income from operations	<u>35,487</u>	<u>43,177</u>
Nonoperating revenue (expenses):		
Interest income	477	336
Other revenue	7,728	13,841
Other expenses	<u>(29,057)</u>	<u>(25,289)</u>
Total nonoperating revenue (expenses), net	<u>(20,852)</u>	<u>(11,112)</u>
Change in net position	14,635	32,065
Net position at beginning of year	<u>241,863</u>	<u>209,798</u>
Net position at end of year	<u>\$ 256,498</u>	<u>241,863</u>

See accompanying notes to financial statements.

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF
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Statements of Cash Flows
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts from student activity fees	\$ 277,864	277,590
Cash payments to vendors	<u>(247,545)</u>	<u>(238,568)</u>
Net cash provided by operating activities	<u>30,319</u>	<u>39,022</u>
Cash flows from noncapital financing activities:		
Cash receipts from noncapital sources	7,728	13,841
Cash payments to noncapital sources	<u>(29,057)</u>	<u>(25,289)</u>
Net cash used in noncapital financing activities	<u>(21,329)</u>	<u>(11,448)</u>
Cash flows from investing activities:		
Interest income	477	336
Sales of investments	<u>-</u>	<u>117,586</u>
Net cash provided by investing activities	<u>477</u>	<u>117,922</u>
Net change in cash and equivalents	9,467	145,496
Cash and equivalents at beginning of year	<u>260,397</u>	<u>114,901</u>
Cash and equivalents at end of year	<u>\$ 269,864</u>	<u>260,397</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	35,487	43,177
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Other assets	(5,194)	(13,661)
Accounts payable and accrued expenses	<u>26</u>	<u>9,506</u>
Net cash provided by operating activities	<u>\$ 30,319</u>	<u>39,022</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 344,552</u>	<u>361,842</u>
Donated facilities expense	304,800	309,880
Donated professional services expense	<u>39,752</u>	<u>51,962</u>
	<u>\$ 344,552</u>	<u>361,842</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2019 and 2018

(1) Nature of Organization

The Doctoral and Graduate Students' Council of the City University of New York - Graduate School and University Center Fiduciary Accounts (the Association) is an entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of the Graduate Center (the School) 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 Directors of the University and collected by the School. While the Association is not a legal entity, the accompanying financial statements have been prepared on the basis of it being a separate entity.

(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.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Net Position, Continued

Unrestricted - All other net position, including net position designated by actions, if any, of the Association's Board of Directors.

At June 30, 2019, the Association had no net investment in capital assets and no restricted net position.

(c) Cash and Equivalents

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

(d) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(e) Revenue Recognition

Student activity fees are recognized in the period earned. Student activity fees collected prior to year-end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(f) Donated Space and Services

The Association operates on the campus of the College and, utilizes office space and certain services made available to it as well as professional services of certain College employees. 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 space and services (note 3).

(g) 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.

(h) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) 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.

(3) Donated Space and Services

The Association utilizes certain facilities provided by the College at no cost. The estimated fair value of the donated office space, which is used solely by the Association, amounted to \$304,800 and 309,880 for the years ended June 30, 2019 and 2018, respectively. Additionally, professional services were provided by certain College employees and amounted to \$39,752 and \$51,962 for the years ended June 30, 2019 and 2018, respectively. The donated space and services are included in both revenue and expenses in the accompanying statements of revenue, expenses and changes in net position.

(4) Accounting Standards Issued But Not Yet Implemented

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

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

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, 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.

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Notes to Financial Statements, Continued

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

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 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, 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.