

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Financial Statements and  
Supplementary Information

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 7
Financial Statements:	
Statements of Net Position	8
Statements of Revenue, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 15

\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Queensborough Community College  
Student Activity Association:

### Report on the Financial Statements

We have audited the accompanying financial statements of Queensborough Community College Student Activity Association (the Association) as of and for the years ended June 30, 2021 and 2020, 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 Queensborough Community College Student Activity Association as of June 30, 2021 and 2020, 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 12, 2021

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Management's Discussion and Analysis

June 30, 2021 and 2020

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Queensborough Community College Student Activity Association's (the Association) financial position as of June 30, 2021, and changes in its net assets 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 assets increased by \$608,258 or 81%.
- Operating revenue decreased by \$56,091 or 4%.
- Nonoperating revenue increased by \$141,630 or 100%.
- Operating expenses decreased by \$327,661 or 27%.

**Financial Position**

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

**Statements of Net Position**

The following summarizes the Association's assets, liabilities and net assets as of June 30, 2021 and 2020, under the accrual basis of accounting:

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 1,735,083	966,830	768,253	79%
Noncurrent assets - capital assets	<u>106,501</u>	<u>115,158</u>	<u>(8,657)</u>	<u>(8%)</u>
Total assets	<u>1,841,584</u>	<u>1,081,988</u>	<u>759,596</u>	<u>70%</u>
Liabilities	<u>486,506</u>	<u>335,168</u>	<u>151,338</u>	<u>45%</u>
Net assets:				
Net investment in capital assets	106,501	115,158	(8,657)	(8%)
Unrestricted	<u>1,248,577</u>	<u>631,662</u>	<u>616,915</u>	<u>98%</u>
Total net assets	\$ <u>1,355,078</u>	<u>746,820</u>	<u>608,258</u>	<u>81%</u>

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

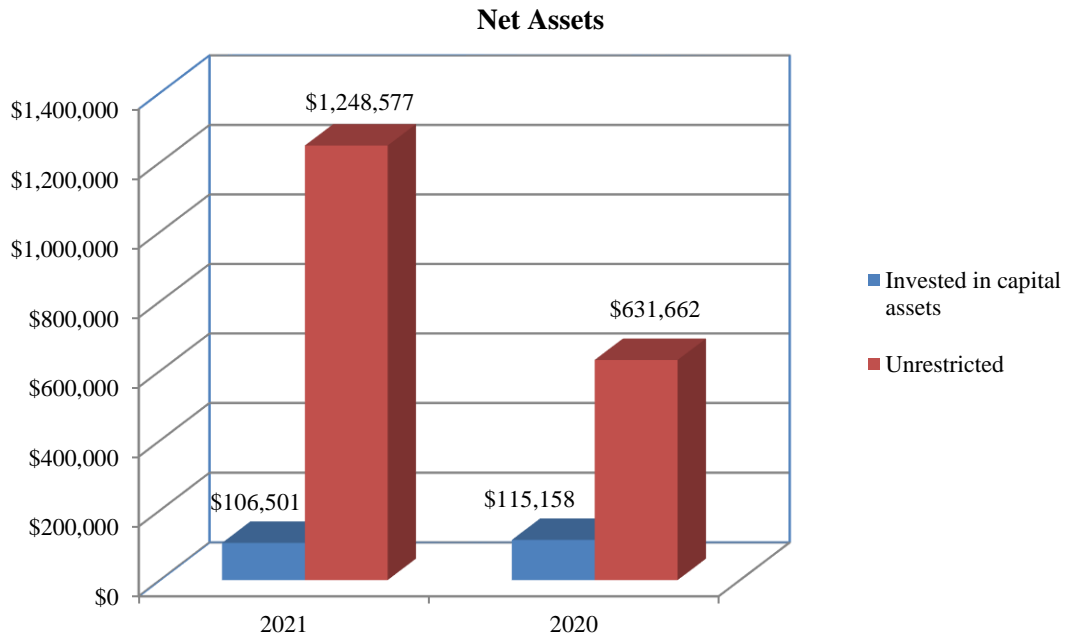
Management’s Discussion and Analysis, Continued

At June 30, 2021, the Association’s total assets increased by \$759,596 or 70%, compared to the previous year. This variance is primarily due to increased cash and equivalents of \$286,876. Receivables from related parties increased by \$433,265 and prepaid expenses and other assets also increased by \$48,112. This was partially offset by a decrease in capital asset of \$8,657 due to depreciation.

At June 30, 2021, the Association’s total current liabilities increased by \$151,338 or 45%, compared to the previous year. This variance was mainly due to an increase in unearned revenue as reported from Central Office.

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

The following illustrates the Association’s net assets at June 30, 2021 and 2020 by category:



QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Management's Discussion and Analysis, Continued

**Statements of Revenue, Expenses and Changes in Net Assets**

The statements of revenue, expenses and changes in net assets 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, 2021 and 2020 are as follows:

**Revenue**

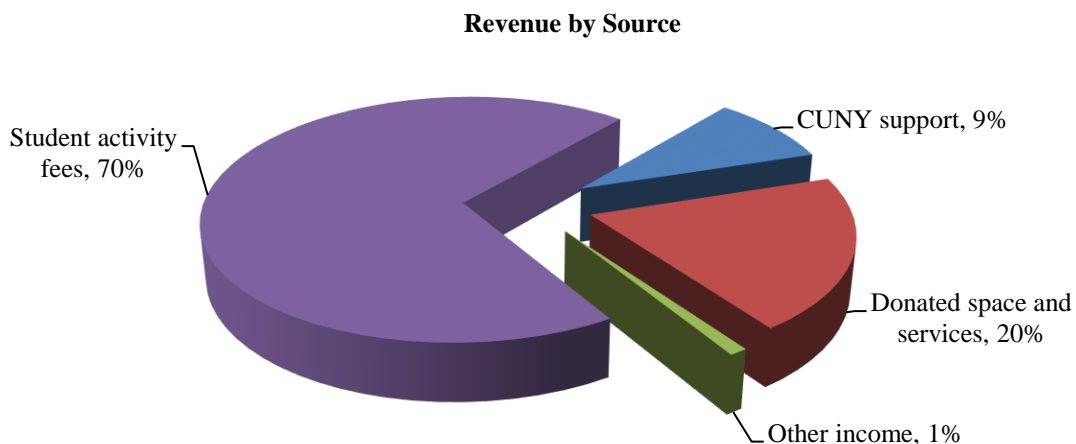
	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 1,062,316	1,117,426	(55,110)	(5%)
Donated space and services	304,077	304,077	-	-
Commencement related and other	<u>219</u>	<u>1,200</u>	<u>(981)</u>	<u>(82%)</u>
Total operating revenue	1,366,612	1,422,703	(56,091)	(4%)
Nonoperating revenue - CUNY support	<u>141,630</u>	<u>-</u>	<u>141,630</u>	<u>(100%)</u>
Total revenue	\$ <u>1,508,242</u>	<u>1,422,703</u>	<u>85,539</u>	<u>6%</u>

The Association's total revenue for the year ended June 30, 2021 was \$1,508,242, an increase of \$85,539 or 6%, compared to the previous year primarily due to an increase in nonoperating revenue - CUNY support of \$141,630, offset by a decrease of \$55,110 in student fees collected due to a decrease in enrollment.

Student activity fees represented approximately 70% 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, 2021:



QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Management's Discussion and Analysis, Continued

**Expenses**

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student government	\$ 71,212	262,414	(191,202)	(73%)
Athletics and recreation	39,123	328,796	(289,673)	(88%)
Student workshops and conferences	20,775	27,734	(6,959)	(25%)
Graduation/commencement	25,303	16,164	9,139	57%
Student clubs and organizations	16,680	24,954	(8,274)	(33%)
Student learning centers	256,061	282,153	(26,092)	(9%)
Communications media	2,500	5,655	(3,155)	(56%)
Other	56,911	79,902	(22,991)	(29%)
Management and general	<u>411,419</u>	<u>199,873</u>	<u>211,546</u>	<u>106%</u>
Total operating expenses	<u>\$ 899,984</u>	<u>1,227,645</u>	<u>(327,661)</u>	<u>(27%)</u>

Total expenses for the year ended June 30, 2021 were \$899,984, a decrease of \$327,661 or 27%, compared to the previous year largely due to the suspension of on-campus classes and activities. The lower spending was mainly due to a decrease in student government and athletics and recreation expense which decreased by \$191,202 or 73% and \$289,673 or 88%, respectively. In addition, the decrease was partially due to donated services of \$102,675 charged to athletics and recreation and \$133,271 charged to student government in fiscal year 2020, which were both charged to management and general in fiscal year 2021. In addition, athletics and recreation had a \$101,000 decrease in salaries and fringe as well as \$51,000 in other athletic expenses as a result of suspension of on-campus activities. Student government also had a \$58,000 decrease in salaries due to not reappointing the student government secretary during the pandemic. Student workshops and conferences experienced a \$6,959 or 25% decrease in expenses mainly due to a decrease in conferences, conventions and seminars expense while student clubs expenses decreased by 8,274 or 33% mainly due to a decrease in event related expenses. Student learning center's salaries and fringe costs dropped by \$26,092 or 9%, as fewer tutors were hired. Other expenses, attributed to the cultural council, decreased by \$22,991 or 29% as a result in the decrease in number of shows produced. This was partially offset by a \$9,139 or 57% increase in graduation/commencement expenses mainly due to a reimbursement of commencement expenses to the College. Management and general expenses increased by \$211,546 or 106% was due to donated services previously booked to athletics and recreation and the student government in fiscal year 2020 were booked to management and general in fiscal year 2021.

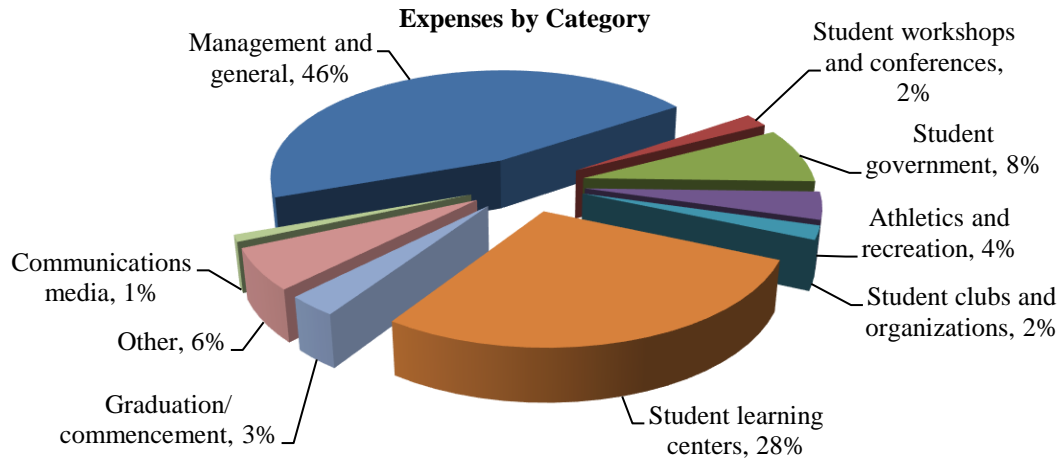
There were no other significant or unexpected changes in the Association's expenses.



QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

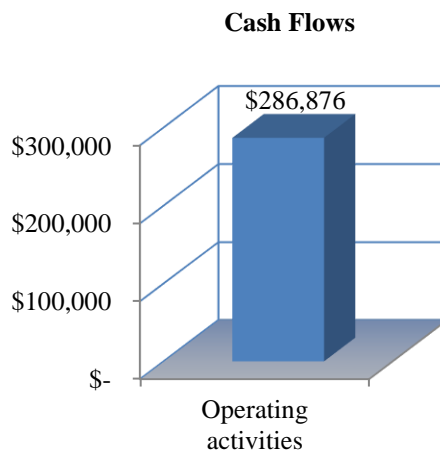
Management’s Discussion and Analysis, Continued

The following illustrates the Association’s expenses, by category, for the year ended June 30, 2021:



**Cash Flows**

The statements of cash flows provide 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, 2021:



**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.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION  
Statements of Net Position  
June 30, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash and equivalents		\$ 710,733	423,857
Receivables from related parties		846,502	413,237
Prepaid expenses and other assets		<u>177,848</u>	<u>129,736</u>
Total current assets		1,735,083	966,830
Noncurrent assets - capital assets, net		<u>106,501</u>	<u>115,158</u>
Total assets		<u>1,841,584</u>	<u>1,081,988</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued expenses		27,776	16,309
Unearned revenue		<u>458,730</u>	<u>318,859</u>
Total liabilities		<u>486,506</u>	<u>335,168</u>
<u>Net position</u>			
Net investment in capital assets		106,501	115,158
Unrestricted		<u>1,248,577</u>	<u>631,662</u>
Total net position		<u>\$ 1,355,078</u>	<u>746,820</u>

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION  
Statements of Revenue, Expenses and Changes in Net Position  
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Student activity fees	\$ 1,062,316	1,117,426
Donated space and services	304,077	304,077
Other	<u>219</u>	<u>1,200</u>
Total operating revenue	<u>1,366,612</u>	<u>1,422,703</u>
Operating expenses:		
Student government	71,212	262,414
Athletics and recreation	39,123	328,796
Student workshops and conferences	20,775	27,734
Graduation/commencement	25,303	16,164
Student clubs and organizations	16,680	24,954
Student centers	256,061	282,153
Communications media	2,500	5,655
Other	56,911	79,902
Management and general	<u>411,419</u>	<u>199,873</u>
Total operating expenses	<u>899,984</u>	<u>1,227,645</u>
Income from operations	466,628	195,058
Nonoperating revenue - CUNY support	<u>141,630</u>	<u>-</u>
Change in position	608,258	195,058
Net position at beginning of year	<u>746,820</u>	<u>551,762</u>
Net position at end of year	<u>\$ 1,355,078</u>	<u>746,820</u>

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION  
Statements of Cash Flows  
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from:		
Student activity fees	\$ 910,552	1,105,585
Other	219	1,200
Cash payments to/for:		
Employees' salaries and benefits	(420,782)	(520,401)
Vendors	<u>(203,113)</u>	<u>(362,496)</u>
Net cash provided by operating activities	286,876	223,888
Cash and equivalents at beginning of year	<u>423,857</u>	<u>199,969</u>
Cash and equivalents at end of year	<u>\$ 710,733</u>	<u>423,857</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	466,628	195,058
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	8,657	8,483
Changes in:		
Receivables from related parties	(291,635)	(19,491)
Prepaid expenses and other assets	(48,112)	51,454
Accounts payable and accrued expenses	11,467	(19,266)
Unearned revenue	<u>139,871</u>	<u>7,650</u>
Net cash provided by operating activities	<u>\$ 286,876</u>	<u>223,888</u>

See accompanying notes to financial statements.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements

June 30, 2021 and 2020

(1) Nature of Organization

The Queensborough Community College Student Activity Association (the Association) is a nonprofit entity created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Queensborough Community 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 Directors of the University and collected by the College on the Association's behalf.

(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, 2021 and 2020, the Association had no restricted net position.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

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) Accounts Receivable

Accounts receivable 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) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Association's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$5,000 or more for all assets. 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 and equipment and improvements is five years.

(f) 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.

(g) Donated Space and Services

The Association operates on the campus of the College and, as such, utilizes office space and certain services made available to it. The cost savings associated with any such arrangements are reflected in the accompanying financial statements (note 4).

(h) 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.

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

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

(k) Risks and Uncertainties

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.

(l) Income Taxes

The Association is exempt from 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.

(3) Cash and Equivalents

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, 2021, \$460,733 of the Association's bank balance of \$710,733 was exposed to custodial credit risk. At June 30, 2020, \$176,732 of the Association's bank balance of \$426,732 was exposed to custodial credit risk. The Association does not have a deposit policy.

(4) Donated Space and Services

The Association is allowed free use of certain facilities provided by the College. The estimated fair value of the donated space which is used solely by the various student organizations amounted to \$4,975 for the years ended June 30, 2021 and 2020. Additionally, certain professional services were provided by the College and amounted to \$299,102 for the years ended June 30, 2021 and 2020. These donated space and services are included in both revenue and expenses in the accompanying statements of revenue, expenses and changes in net position. The fair values of facilities which are shared between the Association and other College entities, such as gymnasiums and other athletic space, are not recorded in the accompanying financial statements, as neither the College nor the Association has a clearly measurable or objective basis for determining, such amounts.

QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(5) Capital Assets

At June 30, 2021 and 2020, capital assets consisted of the following:

	2021			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 128,145	-	-	128,145
Improvements - science building	232,485	-	-	232,485
Improvements - gymnasium	132,700	-	-	132,700
Improvements - library building	109,846	-	-	109,846
Improvements - student union	28,154	-	-	28,154
Tables and chairs - library	<u>27,741</u>	<u>-</u>	<u>-</u>	<u>27,741</u>
	659,071	-	-	659,071
Less accumulated depreciation	<u>(543,913)</u>	<u>(8,657)</u>	<u>-</u>	<u>(552,570)</u>
Capital assets, net	\$ <u>115,158</u>	<u>(8,657)</u>	<u>-</u>	<u>106,501</u>
	2020			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Furniture and equipment	\$ 128,145	-	-	128,145
Improvements - science building	232,485	-	-	232,485
Improvements - gymnasium	132,700	-	-	132,700
Improvements - library building	109,846	-	-	109,846
Improvements - student union	28,154	-	-	28,154
Tables and chairs - library	<u>27,741</u>	<u>-</u>	<u>-</u>	<u>27,741</u>
	659,071	-	-	659,071
Less accumulated depreciation	<u>(535,430)</u>	<u>(8,483)</u>	<u>-</u>	<u>(543,913)</u>
Capital assets, net	\$ <u>123,641</u>	<u>(8,483)</u>	<u>-</u>	<u>115,158</u>

(6) Related Party Transactions

The Association entered into transactions with the Research Foundation of The City University of New York and certain other College entities related to reimbursement for payroll, healthcare and other fringe benefits provided to the Association. During the years ended June 30, 2021 and 2020, the Association paid the Research Foundation and other College entities \$372,670 and \$175,629, respectively, for these costs which covered administrative employees.



QUEENSBOROUGH COMMUNITY COLLEGE  
STUDENT ACTIVITY ASSOCIATION

Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

During the year ended June 30, 2021, CUNY allocated \$141,630 in funding to the Association.

At June 30, 2021, the entire balance of \$141,630 remained due from CUNY. Additionally, at June 30, 2021 and 2020, the Association was due \$704,872 and \$413,237 from the college bursar in relation to student activity fees.

(7) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.