

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, 2017 and 2016

(With Independent Auditors' Report Thereon)

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

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## INDEPENDENT AUDITORS' REPORT

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, 2017 and 2016, 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, 2017 and 2016, 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*

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York  
October 5, 2017

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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Management's Discussion and Analysis, Continued

June 30, 2017

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, 2017, 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 \$8,573 or 4.26%.
- Operating revenue decreased by \$25,826 or 3.87%.
- Operating expenses decreased by \$49,005 or 7.00%.

**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, 2017 and 2016, under the accrual basis of accounting:

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>234,516</u>	<u>213,447</u>	<u>21,069</u>	9.87%
Total liabilities	<u>24,718</u>	<u>12,222</u>	<u>12,496</u>	102.24%
Total net position	\$ <u>209,798</u>	<u>201,225</u>	<u>8,573</u>	4.26%

At June 30, 2017, the Association's total net position increased by \$8,573 or 4.26%, compared to the previous year.

At June 30, 2017, the Association's total assets increased by \$21,069 or 9.87%, compared to the previous year. The increase in total assets was due to an increase in cash caused by an overall reduction in expenses.

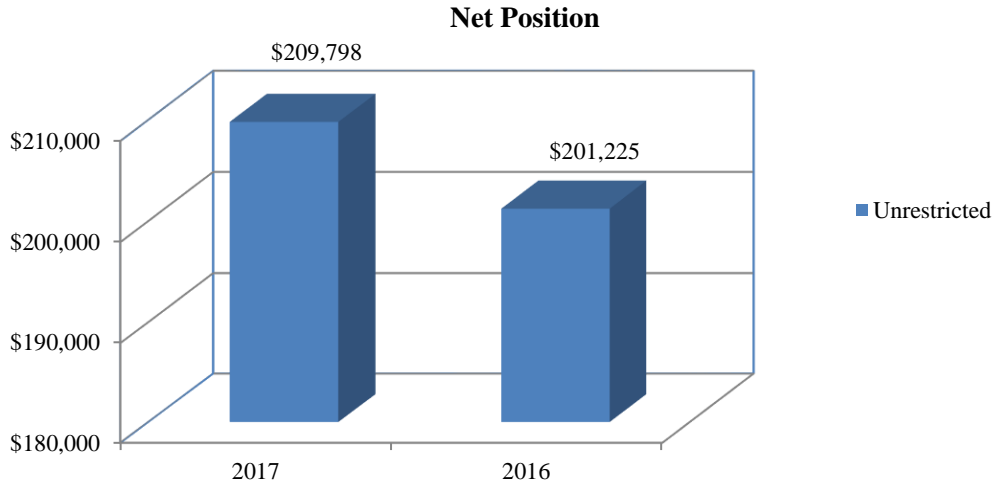
At June 30, 2017, the Association's total liabilities increased by \$12,496 or 102.24%, compared to the previous year. The increase in total liabilities was due to the timing of operating expense payments.

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

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Management's Discussion and Analysis, Continued

The following illustrates the Association's net position at June 30, 2017 and 2016 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, 2017 and 2016 are as follows:

**Revenue**

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Student activity fees	\$ 292,190	325,144	(32,954)	(10.14%)
Donated space and services	<u>349,094</u>	<u>341,966</u>	<u>7,128</u>	2.08%
Total operating revenue	641,284	667,110	(25,826)	(3.87%)
Nonoperating revenue	<u>31,040</u>	<u>29,958</u>	<u>1,082</u>	3.61%
Total revenue	\$ <u>672,324</u>	<u>697,068</u>	<u>(24,744)</u>	(3.55%)

The Association's total revenue for the year ended June 30, 2017 amounted to \$672,324, a decrease of \$24,744 or 3.55%, compared to the previous year. The major component of this variance is related to a decrease in student activity fees.

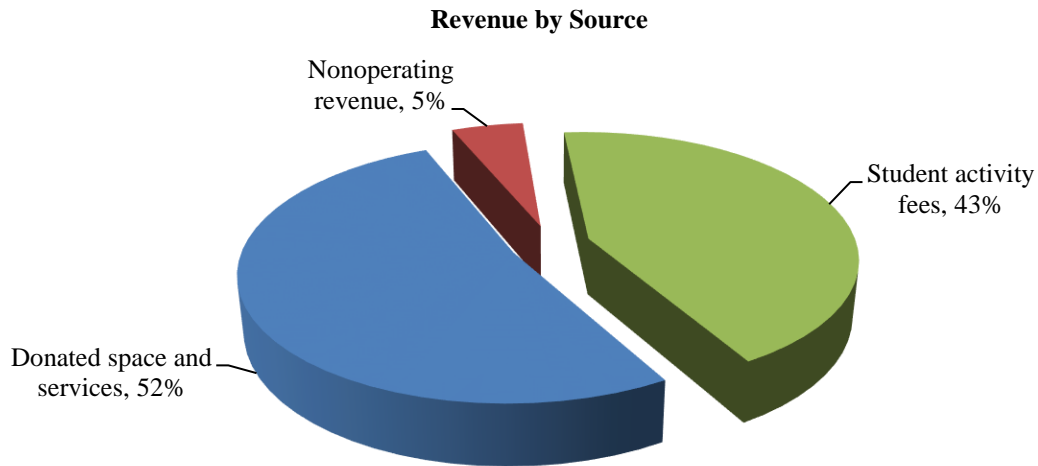
Student activity fees represented approximately 43% and donated space and services represented 52% of total revenue and, accordingly, the Association is dependent upon this level of support to carry out its operations.

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

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Management's Discussion and Analysis, Continued

The following illustrates the Association's revenue, by source, for the year ended June 30, 2017:



**Expenses**

	<u>2017</u>	<u>2016</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Student organizations and activities	\$ 545,156	530,849	14,307	2.70%
Medical center	45,132	95,544	(50,412)	(52.76%)
Management and general	19,013	31,245	(12,232)	(39.15%)
Publications and cultural affairs	<u>41,492</u>	<u>42,160</u>	<u>(668)</u>	(1.58%)
Total operating expenses	650,793	699,798	(49,005)	(7.00%)
Nonoperating expenses	<u>12,958</u>	<u>20,874</u>	<u>(7,916)</u>	(37.92%)
Total expenses	\$ <u>663,751</u>	<u>720,672</u>	<u>(56,921)</u>	(7.90%)

Total expenses for the year ended June 30, 2017 were \$663,751, a decrease of \$56,921 or 7.90%, compared to the previous year. The major components of this variance was related to medical center and nonoperating expenses. The first was due to the decrease in nurse practitioner's salary expense and the second to a reduction in demand for movie tickets.

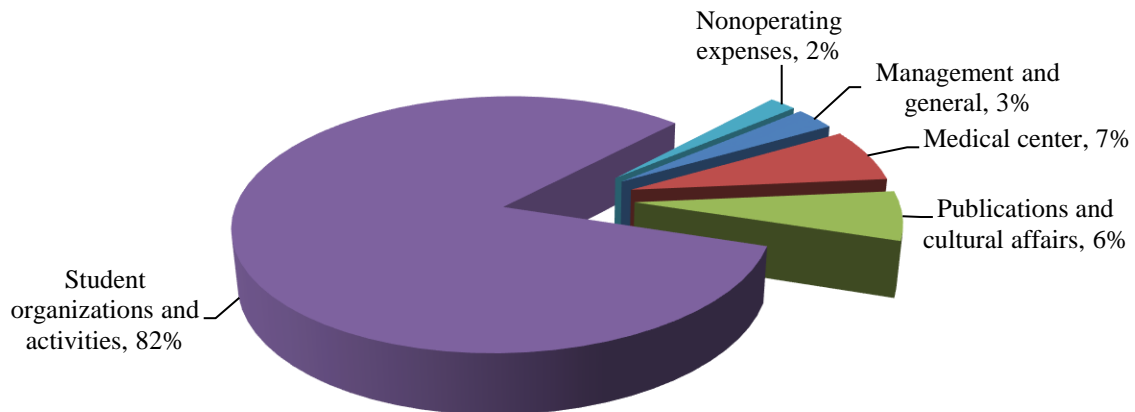
There were no other significant or unexpected changes in the Association's expenses.

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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Management's Discussion and Analysis, Continued

The following illustrates the Association's expenses, by category, for the year ended June 30, 2017:

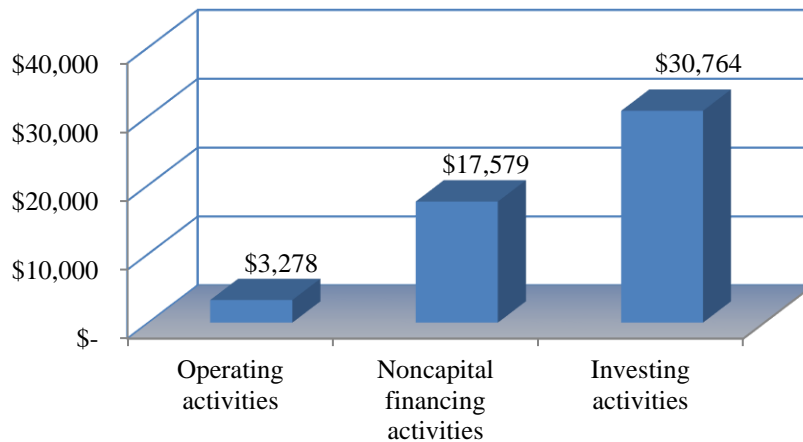
Expenses by Category



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, 2017:

Cash Flows





DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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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.

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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Statements of Net Position  
June 30, 2017 and 2016

	<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:			
Cash and equivalents		\$ 114,901	63,280
Short-term investments		117,586	147,847
Other assets		<u>2,029</u>	<u>2,320</u>
Total current assets		<u>234,516</u>	<u>213,447</u>
<u>Liabilities</u>			
Current liabilities - accounts payable and accrued expenses		<u>24,718</u>	<u>12,222</u>
<u>Net Position</u>			
Unrestricted		<u>\$ 209,798</u>	<u>201,225</u>

See accompanying notes to financial statements.

DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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Statements of Revenue, Expenses and Changes in Net Position  
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenue:		
Student activity fees	\$ 292,190	325,144
Donated space and services	<u>349,094</u>	<u>341,966</u>
Total operating revenue	<u>641,284</u>	<u>667,110</u>
Operating expenses:		
Student organizations and activities	545,156	530,849
Medical center	45,132	95,544
Management and general	19,013	31,245
Publications and cultural affairs	<u>41,492</u>	<u>42,160</u>
Total operating expenses	<u>650,793</u>	<u>699,798</u>
Loss from operations	<u>(9,509)</u>	<u>(32,688)</u>
Nonoperating revenue (expenses):		
Interest income	503	370
Other revenue	30,537	29,588
Other expenses	<u>(12,958)</u>	<u>(20,874)</u>
Total nonoperating revenue (expenses), net	<u>18,082</u>	<u>9,084</u>
Increase (decrease) in net position	8,573	(23,604)
Net position at beginning of year	<u>201,225</u>	<u>224,829</u>
Net position at end of year	<u>\$ 209,798</u>	<u>201,225</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts from student activity fees	\$ 292,190	331,324
Cash payments to vendors	<u>(288,912)</u>	<u>(347,456)</u>
Net cash provided by (used in) operating activities	<u>3,278</u>	<u>(16,132)</u>
Cash flows from noncapital financing activities:		
Cash receipts from noncapital sources	30,537	29,588
Cash payments to noncapital sources	<u>(12,958)</u>	<u>(20,874)</u>
Net cash provided by noncapital financing activities	<u>17,579</u>	<u>8,714</u>
Cash flows from investing activities:		
Interest income	503	370
Sales (purchases) of investments	<u>30,261</u>	<u>(93)</u>
Net cash provided by investing activities	<u>30,764</u>	<u>277</u>
Net increase (decrease) in cash and equivalents	51,621	(7,141)
Cash and equivalents at beginning of year	<u>63,280</u>	<u>70,421</u>
Cash and equivalents at end of year	<u>\$ 114,901</u>	<u>63,280</u>
Reconciliation of loss from operations to net cash provided by (used in) operating activities:		
Loss from operations	(9,509)	(32,688)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Accounts receivable	-	6,397
Other assets	291	-
Accounts payable and accrued expenses	<u>12,496</u>	<u>10,159</u>
Net cash provided by (used in) operating activities	<u>\$ 3,278</u>	<u>(16,132)</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 349,094</u>	<u>341,966</u>
Donated facilities expense	309,880	304,800
Donated professional services expense	<u>39,214</u>	<u>37,166</u>
	<u>\$ 349,094</u>	<u>341,966</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2017 and 2016

(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) Accounting Pronouncements

The significant GASB standards followed by the Association are summarized as follows:

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.
- GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.
- GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the Association, this Statement became effective for the fiscal year beginning July 1, 2015.

(c) 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, 2017, the Association had no net investment in capital assets and no restricted net position.

(d) Cash and Equivalents

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

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Investments

The Association has short-term investments in certificates of deposit which are reported at their fair values of \$117,586 and \$147,847 at June 30, 2017 and 2016, respectively. Realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net position.

(f) Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2017.

At June 30, 2017 and 2016, the Association's certificates of deposits of \$117,586 and \$147,847, respectively, are Level 1 assets.

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Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) 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.

(h) 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.

(i) 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 4).

(j) 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.

(k) 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.

(l) 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.



DOCTORAL AND GRADUATE STUDENTS' COUNCIL OF  
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Notes to Financial Statements, Continued

(3) Cash and Equivalents and Investments

(a) Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that the Association's deposits may not be returned in the event of a bank failure. At June 30, 2017, the Association's bank balance of \$152,233 was exposed to custodial credit risk as the account is shared with CUNY.

(b) Custodial Credit Risk - Investments

Custodial credit risk as it relates to investments is the risk that the Association will not be able to recover the value of its investment portfolio that is in the possession of a failed counterparty in the event of failure of that counterparty of a transaction. At June 30, 2017, none of the Association's investment portfolio balance of \$117,586 was exposed to custodial credit risk as it was insured. This investment represents a short-term certificate of deposit.

(4) 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 \$309,880 and \$304,800 for the years ended June 30, 2017 and 2016, respectively. Additionally, professional services were provided by certain College employees and amounted to \$39,214 and \$37,166 for the years ended June 30, 2017 and 2016, 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.

(5) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 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

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

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. 85 - "Omnibus 2017." This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

GASB Statement No. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in-substance defeasances occurring through repayment of debt from existing sources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 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.