

STUDENT ACTIVITIES ASSOCIATION, INC.
FY2020 Financial Statement Presentation

EXECUTIVE SUMMARY

The Covid-19 pandemic stalled the activities of the Association in March 2020. Most events and programs were canceled. However, pre-arranged commitments for honoraria, stipends, operating payroll and purchases for certain programs were paid. The University's (CUNY) Board of Trustees further resolved a 25% waiver on the student activities fees for the Spring 2020 semester which resulted in a deferment applied to student accounts for the Fall 2020 semester in the new academic year.

The Association received an unmodified audit opinion, which means the financial statements was a fair presentation of the Association's financial activity in accordance with generally accepted accounting principles (GAAP). The Management and Discussion Analysis (pages 3 – 8) in the appended financial report provides a detailed overview of the Association during the fiscal year.

At the end of fiscal year 2020, the Association yielded a change in its net position of \$940k, which increased the overall surplus to approximately \$2.9m. Below is a reconciliation of the year-end surplus and cash available for fiscal year 2021 at the end of the fiscal year. The surplus is allocated after commitments such as student accident liability insurance, student ID cards, and music licenses are taken off the top.

Analysis of Year-End Surplus and Available Cash

| | |
|---|-------------------------|
| Year-End Surplus June 30, 2020 | 2,872,544 |
| Less: Adjustments for: | |
| Investments in capital assets *(Note 4) | (81,386) |
| Cash in Loan Fund | (95,535) |
| Due from CUNY/ John Jay College Student Activity Fees *(Note 5) | (283,612) |
| Due from CUNY/ John Jay College Loan Fund *(Note 5) | (1,339) |
| Prepaid expenses and other assets | (19,508) |
| Royalty Funds (Commencement/ Student Services) | (122,519) |
| Surplus/ Cash available June 30, 2020 | <u>2,268,645</u> |

*Refer pages 14 – 15, Notes to Financial Statements

Note the following:

- a. Investments in capital assets is the net accumulation of purchases for equipment such as computer hardware, athletic vehicles and gym equipment over time. It represents the cost less a fixed amount estimated over five years as per CUNY policy.

STUDENT ACTIVITIES ASSOCIATION, INC.
FY2020 Financial Statement Presentation

- b. The Cash Loan fund represents a reserve held for student hardship loans. These funds are usually advanced until student financial aid or student loans are received by CUNY, applied to student accounts and returned to the Association.
- c. Due from CUNY Student Activities Fees represent outstanding student balances that have not been paid.
- d. Due from CUNY Loan Fund represent student payments made to CUNY but not transferred to the Association.
- e. Prepaid expenses and other assets represent advanced payments for Directors' and Officers' and student accident liability insurances.
- f. Royalty funds represent funds earmarked by board resolution for Commencement and Student Services.
- g. Liabilities for accounts payables and accrued expenses for annual leave and payroll, and payments due to John Jay College and the Children's Center are already incorporated in the financial statements to determine the year-end surplus. Hence, these items are not reflected in the table above.

It should be noted, due to the fiscal year-end cash availability and current pandemic the Association's Board continues to find enterprising ways and additional avenues to benefit and support students in the existing remote learning environment.

If you have question, please feel free to contact Ms. Lisa-Marie Williams, SAA's CFAO, or me (Helen Ceden) at williams@jjay.cuny.edu or hcedeno@jjay.cuny.edu.

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JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.
Financial Statements and
Supplementary Information
June 30, 2020 and 2019
(With Independent Auditors' Report Thereon)

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
John Jay College of Criminal Justice
Student Activities Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of John Jay College of Criminal Justice Student Activities Association, Inc. (the Association), as of and for the years ended June 30, 2020 and 2019, 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 John Jay College of Criminal Justice Student Activities Association, Inc. as of June 30, 2020 and 2019, 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 8 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
September 25, 2020

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Management's Discussion and Analysis

June 30, 2020

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of John Jay College of Criminal Justice Student Activities Association, Inc.'s (the Association) financial position as of June 30, 2020, 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 \$939,687 or 49%.
- Operating revenue decreased by \$227,801 or 6%.
- Operating expenses decreased by \$779,626 or 22%.

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, 2020 and 2019, under the accrual basis of accounting:

| | <u>2020</u> | <u>2019</u> | <u>Dollar change</u> | <u>Percent change</u> |
|----------------------------------|---------------------|------------------|--------------------------|---------------------------|
| Assets: | | | | |
| Current assets | \$ 2,957,868 | 2,083,921 | 873,947 | 42% |
| Noncurrent assets | <u>81,386</u> | <u>49,530</u> | <u>31,856</u> | 64% |
| Total assets | <u>3,039,254</u> | <u>2,133,451</u> | <u>905,803</u> | 42% |
| Current liabilities | <u>166,710</u> | <u>200,594</u> | <u>(33,884)</u> | (17%) |
| Net position: | | | | |
| Net investment in capital assets | 81,386 | 49,530 | 31,856 | 64% |
| Unrestricted | <u>2,791,158</u> | <u>1,883,327</u> | <u>907,831</u> | 48% |
| Total net position | \$ <u>2,872,544</u> | <u>1,932,857</u> | <u>939,687</u> | 49% |

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Management’s Discussion and Analysis, Continued

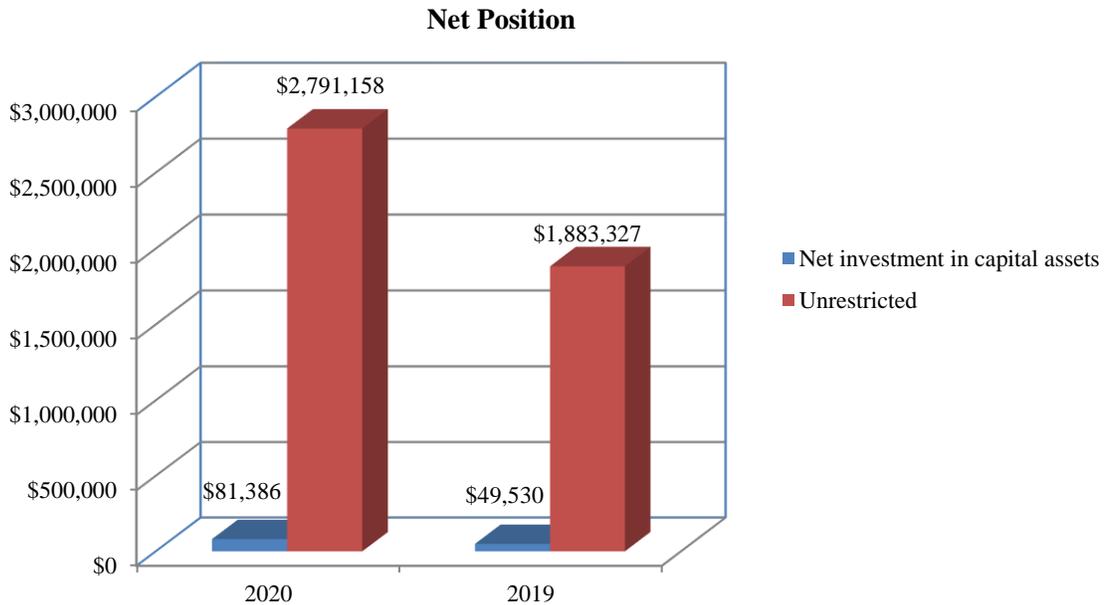
At June 30, 2020, the Association’s total net position increased by \$939,687 or 49% compared to the previous year. This is mainly due to the overall decrease in expenditures by \$769,903 or 21% due to the COVID-19 pandemic restricting activities for the Association’s organizations and programs. This is demonstrated in the statements of revenue, expenses and changes in net position below.

As a result of decreased spending, current assets consisting mainly of cash and cash equivalents increased by \$873,947 or 42%.

Noncurrent assets increased by \$31,856 or 64% due to the purchase of a vehicle and scoring table for athletics. Depreciation for these items were recognized in accordance with the City University of New York’s Asset Management Policy.

Total current liabilities decreased by \$33,884 or 17%. This is mainly due to accrued expenses at year end which consisted of the Children’s Center’s Spring contribution of \$72,968 and annual leave accruals due to staff at the end of the fiscal year.

The following illustrates the Association’s net position at June 30, 2020 and 2019 by category:



JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

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, 2020 and 2019 are as follows:

Revenue

| | <u>2020</u> | <u>2019</u> | <u>Dollar change</u> | <u>Percent change</u> |
|---|---------------------|------------------|--------------------------|---------------------------|
| Operating revenue: | | | | |
| Student activity fees | \$ 3,622,812 | 3,827,361 | (204,549) | (5%) |
| Donated space and services | 105,442 | 101,630 | 3,812 | 4% |
| Other | <u>166,720</u> | <u>193,784</u> | <u>(27,064)</u> | (14%) |
| Total operating revenue | 3,894,974 | 4,122,775 | (227,801) | (6%) |
| Nonoperating revenue - interest income | <u>-</u> | <u>75</u> | <u>(75)</u> | (100%) |
| Total revenue | \$ <u>3,894,974</u> | <u>4,122,850</u> | <u>(227,876)</u> | (6%) |

The Association's total revenue for the fiscal year ended June 30, 2020 was \$3,894,974, a decrease of \$227,876 or 6% compared to the previous year. A major component for the decrease in revenue was the student activity fees which decreased by \$204,549 or 5%. The decrease was mainly due to a 25% waiver or discount on student activity fees approved by the City University of New York Board of Trustees. This action was a result of the COVID-19 pandemic affecting the entire University.

Donated space and services increased by \$3,812 or 4% due to a slight increases in rates for rental space rates and employee collective bargaining during the fiscal year.

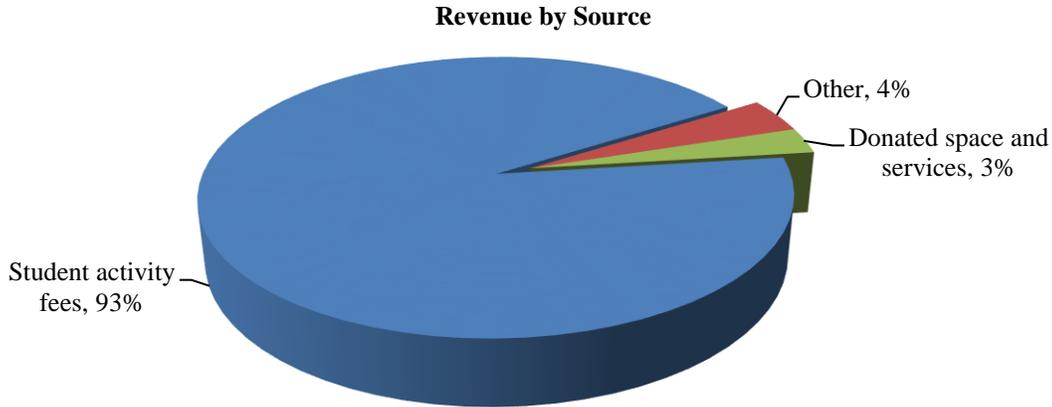
Other operating revenue decreased by \$27,064 or 14% due to the postponement of the major year-end graduation event which would have generated additional income from ticket sales.

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

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Association's revenue, by source, for the year ended June 30, 2020:



Expenses

| | <u>2020</u> | <u>2019</u> | <u>Dollar change</u> | <u>Percent change</u> |
|--|---------------------|------------------|----------------------|-----------------------|
| Operating expenses: | | | | |
| Student clubs and organizations | \$ 198,187 | 334,643 | (136,456) | (41%) |
| Student accident insurance | 98,565 | 98,518 | 47 | 1% |
| Athletics and recreation | 620,456 | 554,901 | 65,555 | 12% |
| Student government | 238,243 | 359,015 | (120,772) | (34%) |
| Graduation/yearbook | 102,240 | 527,706 | (425,466) | (81%) |
| Freshman orientation | 74,167 | 125,472 | (51,305) | (41%) |
| Student life | 740,697 | 995,943 | (255,246) | (26%) |
| Management and general | 652,756 | 525,376 | 127,380 | 24% |
| Bad debts | 11,500 | 6,176 | 5,324 | 86% |
| Depreciation | <u>23,696</u> | <u>12,383</u> | <u>11,313</u> | 91% |
| Total operating expenses | 2,760,507 | 3,540,133 | (779,626) | (22%) |
| Nonoperating expense - College support | <u>194,780</u> | <u>185,057</u> | <u>9,723</u> | 5% |
| Total expenses | \$ <u>2,955,287</u> | <u>3,725,190</u> | <u>(769,903)</u> | (21%) |

Total expenses for the year ended June 30, 2020 were \$2,955,287 a decrease of \$769,903 or 21% compared to the prior year. The Association's expenses are activity driven. An overall increase in programs and events will result in an increase in expenditure and vice versa. This explains the Association's overall decrease in expenses.

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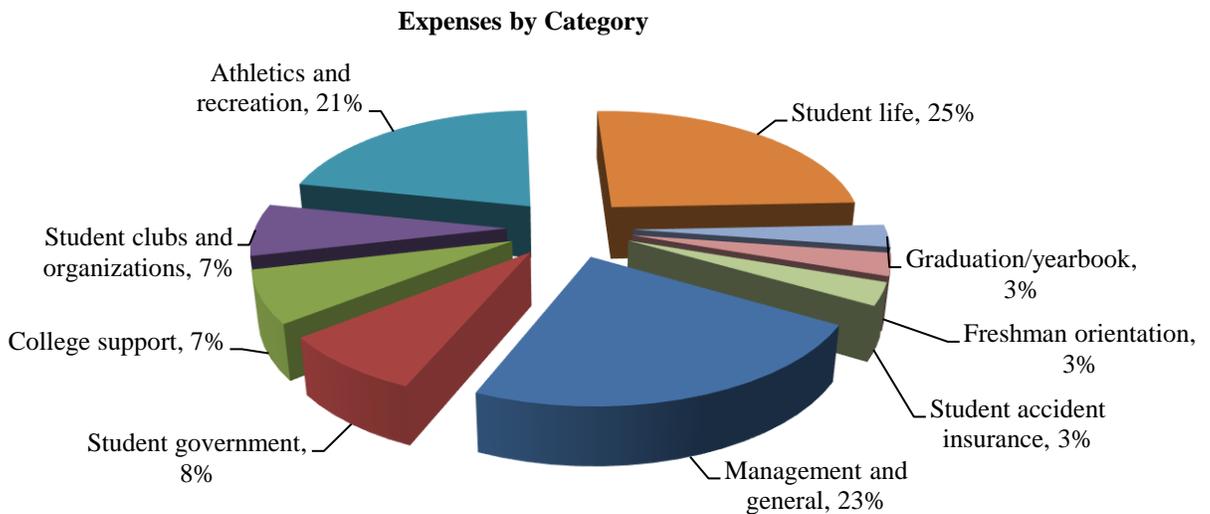
Management’s Discussion and Analysis, Continued

As explained above, the COVID-19 pandemic impacted the Spring 2020 semester’s events and programs conducted by the Association, in particular, the various year end graduation events that progress towards the College’s annual Commencement Exercise. The decrease in expenses is mainly due to programs and activities associated with the graduation/yearbook by \$425,466 or 81%, student clubs and organizations by \$136,456 or 41%, freshman orientation by \$51,305 or 41%, student government by \$120,772 or 34% and student life by \$255,246 or 26%.

It should be noted, however, that expenses increased for management and general by \$127,380 or 24% due to additional salary payouts due to staff resignation and restructure, and an Association contribution to The John Jay College Foundation to support Student Council scholarships; and athletics and recreation by \$65,555 or 12% due to additional contractual services for away games due to the Basketball and Soccer teams advancing in competitive leagues during the Fall 2019 semester. Bad debts increased by \$5,324 or 86% due to routine application of the statute of limitations on student debt. Depreciation increased by \$11,313 or 91% as a result of application of the University’s capital asset management policy on new and existing capital assets. Nonoperating expense - College support increased by \$9,723 or 5% mainly as a result of Student Council’s contribution to support the University’s Student Senate Emergency Grant.

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, 2020:

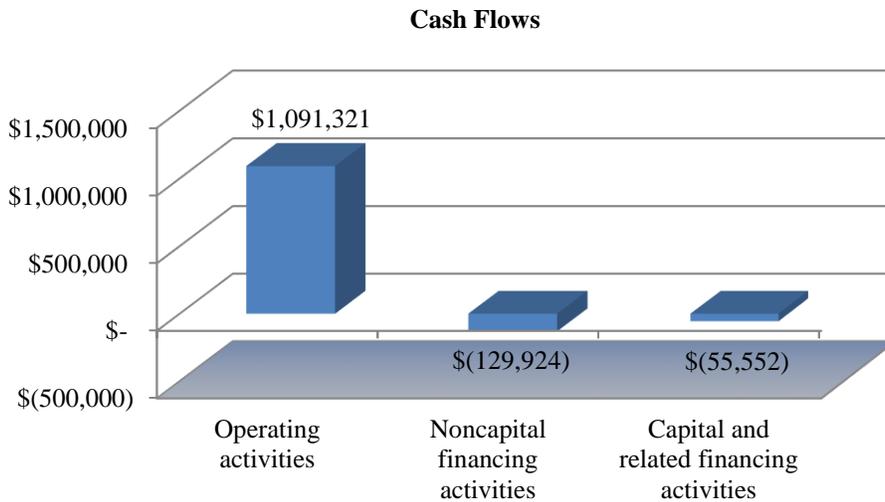


JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Management’s Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the fiscal 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, 2020:



Economic Factors That May Affect the Future

Student enrollment is directly related to the revenue earned by the Association to support activities. A significant decrease in enrollment will severely impact operations and is the major economic influence that would affect the future of the organization. Additionally, COVID-19 has had and continues to have an effect on the Association.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.
Statements of Net Position
June 30, 2020 and 2019

| <u>Assets</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|------------------|
| Current assets: | | |
| Cash and equivalents | \$2,653,409 | 1,747,564 |
| Due from related parties | 284,951 | 314,570 |
| Prepaid expenses and other assets | <u>19,508</u> | <u>21,787</u> |
| Current assets | 2,957,868 | 2,083,921 |
| Noncurrent assets - capital assets, net | <u>81,386</u> | <u>49,530</u> |
| Total assets | <u>3,039,254</u> | <u>2,133,451</u> |
| <u>Liabilities</u> | | |
| Accounts payable and accrued expenses | 58,007 | 162,946 |
| Due to related parties | <u>108,703</u> | <u>37,648</u> |
| Total liabilities | <u>166,710</u> | <u>200,594</u> |
| <u>Net Position</u> | | |
| Net investment in capital assets | 81,386 | 49,530 |
| Unrestricted | <u>2,791,158</u> | <u>1,883,327</u> |
| Total net position | <u>\$2,872,544</u> | <u>1,932,857</u> |

See accompanying notes to financial statements.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.
Statements of Revenue, Expenses and Changes in Net Position
Years ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------|
| Operating revenue: | | |
| Student activity fees, net of waivers | \$3,622,812 | 3,827,361 |
| Donated space and services | 105,442 | 101,630 |
| Other | <u>166,720</u> | <u>193,784</u> |
| Total operating revenue | <u>3,894,974</u> | <u>4,122,775</u> |
| Operating expenses: | | |
| Student clubs and organizations | 198,187 | 334,643 |
| Student accident insurance | 98,565 | 98,518 |
| Athletics and recreation | 620,456 | 554,901 |
| Student government | 238,243 | 359,015 |
| Graduation/yearbook | 102,240 | 527,706 |
| Freshman orientation | 74,167 | 125,472 |
| Student life | 740,697 | 995,943 |
| Management and general | 652,756 | 525,376 |
| Bad debts | 11,500 | 6,176 |
| Depreciation | <u>23,696</u> | <u>12,383</u> |
| Total operating expenses | <u>2,760,507</u> | <u>3,540,133</u> |
| Income from operations | <u>1,134,467</u> | <u>582,642</u> |
| Nonoperating revenue (expenses): | | |
| Interest income | - | 75 |
| College support | <u>(194,780)</u> | <u>(185,057)</u> |
| Total nonoperating revenue (expenses), net | <u>(194,780)</u> | <u>(184,982)</u> |
| Change in net position | 939,687 | 397,660 |
| Net position at beginning of year | <u>1,932,857</u> | <u>1,535,197</u> |
| Net position at end of year | <u>\$2,872,544</u> | <u>1,932,857</u> |

See accompanying notes to financial statements.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Statements of Cash Flows
Years ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|------------------|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Student activity fees | \$3,640,023 | 3,775,238 |
| Other | 179,128 | 193,948 |
| Cash payments to/for: | | |
| Employees' salaries and benefits | (921,843) | (882,197) |
| Vendors | (1,794,487) | (2,484,236) |
| Other services | <u>(11,500)</u> | <u>(6,176)</u> |
| Net cash provided by operating activities | 1,091,321 | 596,577 |
| Cash flows from noncapital financing activities - College support | (129,924) | (255,509) |
| Cash flows from capital and related financing activities - capital assets acquired | (55,552) | (61,913) |
| Cash flows from investing activities - interest income | <u>-</u> | <u>75</u> |
| Net change in cash and equivalents | 905,845 | 279,230 |
| Cash and equivalents at beginning of year | <u>1,747,564</u> | <u>1,468,334</u> |
| Cash and equivalents at end of year | <u>\$2,653,409</u> | <u>1,747,564</u> |
| Reconciliation of income from operations to net cash provided by operating activities: | | |
| Income from operations | 1,134,467 | 582,642 |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | |
| Depreciation | 23,696 | 12,383 |
| Changes in: | | |
| Due to/from related parties, net | 35,818 | 4,637 |
| Prepaid expenses and other assets | 2,279 | 549 |
| Accounts payable and accrued expenses | <u>(104,939)</u> | <u>(3,634)</u> |
| Net cash provided by operating activities | <u>\$1,091,321</u> | <u>596,577</u> |

See accompanying notes to financial statements.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(1) Nature of Organization

The John Jay College of Criminal Justice Student Activities Association, Inc. (the Association) is a nonprofit corporation created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of John Jay College of Criminal Justice (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 Trustees of the University and collected by the College on the Association's behalf. The Association was incorporated on February 24, 1984.

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

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

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 to 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 computer hardware and all other equipment. 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.

(f) Revenue Recognition

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

(g) Donated Space and Services

The Association operates on the campus of the College and, utilizes office space and certain services made available to it. 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 services (note 6).

(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.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

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.

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.

(k) Income Taxes

The Association is exempt from federal 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, 2020, \$2,406,537 of the Association's bank balance of \$2,656,537 was exposed to custodial credit risk. The Association does not have a deposit policy.

(4) Capital Assets

Capital assets consist of the following at June 30, 2020 and 2019:

| | 2020 | | | |
|-------------------------------|----------------------|---------------|-----------|-------------------|
| | Beginning balance | Additions | Disposals | Ending balance |
| Equipment | \$ 82,105 | 55,552 | - | 137,657 |
| Less accumulated depreciation | (32,575) | (23,696) | - | (56,271) |
| Capital assets, net | \$ <u>49,530</u> | <u>31,856</u> | <u>-</u> | <u>81,386</u> |

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Notes to Financial Statements, Continued

(4) Capital Assets, Continued

| | 2019 | | | |
|-------------------------------|------------------------------|------------------|------------------|---------------------------|
| | <u>Beginning balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending balance</u> |
| Equipment | \$ 85,811 | 61,913 | (65,619) | 82,105 |
| Less accumulated depreciation | (85,811) | (12,383) | 65,619 | (32,575) |
| Capital assets, net | \$ <u> -</u> | <u>49,530</u> | <u> -</u> | <u>49,530</u> |

(5) Related Party Transactions

During the years ended June 30, 2020 and 2019, the Association provided annual support of \$169,780 and \$185,057, respectively, to the Children’s Center. Additionally, during the year ended June 30, 2020 the Association provided \$25,000 to the College to support the University Student Senate’s Covid Relief Fund. In addition, at June 30, 2020 and 2019, the accompanying financial statements include outstanding payments due to the following:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|-------------------|---------------|
| College - accounting services | \$ 30,000 | 20,000 |
| College - campus office services | 5,735 | 9,538 |
| Children’s Center | <u>72,968</u> | <u>8,110</u> |
| | <u>\$ 108,703</u> | <u>37,648</u> |

There were outstanding receipts due from related parties at June 30, 2020 and 2019 totaling \$284,951 and \$314,570, respectively, for departmental receipts, student loan repayments and outstanding student activity fees.

(6) Donated Space and Services

The Association utilizes certain facilities and professional services provided by the College. The estimated fair values of facilities and professional services amounted to \$105,442 and \$101,630 for the years ended June 30, 2020 and 2019, respectively, and are included in the accompanying statements of revenue, expenses and changes in net position. Facilities that 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 Association nor the College has a clearly measurable or objective basis for determining such values.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Notes to Financial Statements, Continued

(7) Pension Plan

The Association has nine full-time employees. Seven employees participated in the deferred contribution plan in fiscal year 2020 and 2019. Plan contributions were based on five and ten percent of gross earnings. For the years ended June 30, 2020 and 2019, plan contributions amounted to \$17,951 and \$24,192, respectively.

(8) Accounting Standards Issued But Not Yet Implemented

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures below have been updated accordingly.

- GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, addresses criteria for identifying fiduciary activities of state and local governments and focuses on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with who the fiduciary relationship exists. 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. 87 - "Leases." This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021, 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.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
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Notes to Financial Statements, Continued

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

- 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, 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.
- 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, 2021, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, 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.
- GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods beginning after December 31, 2022, which is the fiscal year beginning July 1, 2023 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE
STUDENT ACTIVITIES ASSOCIATION, INC.

Notes to Financial Statements, Continued

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

- GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning July 1, 2022 for the Association. This Statement is not expected to have a material effect on the financial statements of the Association.
- GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021, 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.

REPORT TO THE BOARD

September 25, 2020

The Board of Directors
John Jay College of Criminal Justice
Student Activities Association, Inc.

Dear Board Members:

We have audited the financial statements of John Jay College of Criminal Justice Student Activities Association, Inc. (the Association) as of and for the year ended June 30, 2020, and have issued our report thereon dated September 25, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended June 30, 2020, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure of related party transactions in note 5.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of John Jay College of Criminal Justice Student Activities Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC