Subcommittee on Audit
February 6, 2012

CONTENTS

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THE CITY UNIVERSITY OF NEW YORK
RELATED ENTITIES

Meeting Outline

February 6, 2012

(1) Related Entities - Engagement Overview

- Audits were performed of 40 Associations and Auxiliaries (the Related Entities) of The City University of New York for the year ended June 30, 2011.
- We received excellent cooperation from the staff of the Related Entities.
- The transition from the prior auditors to our firm went very smoothly.
- The audit engagements were completed earlier than in prior years. In future years, our goal will be to complete the engagements even earlier.

(2) All Deliverables for the Year Ended June 30, 2011 Have Been Provided to the Related Entities

- Audited financial statements.
- Management letters and reports on internal controls.
- Reports to the Board.
- Tax returns:
  - U.S. Form 990 - "Return of Organization Exempt From Income Tax"
  - U.S. Form 990-T - "Exempt Organization Business Income Tax Return"
  - New York Form CHAR-500 - "Annual Filing for Charitable Organizations"
  - New York CT-13 - "Unrelated Business Income Tax Return"

(3) Overall Related Entities Report to Trustees

This document has been provided to members of the Committee.

(4) Overall Internal Control Letter

This document has been provided to members of the Committee.

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REPORT TO TRUSTEES

February 6, 2012

Committee of Fiscal Affairs
Sub-Committee of Audit
The City University of New York

Dear Board Members:

We have audited the financial statements of the various City University of New York (CUNY) Associations and Auxiliaries (the Related Entities) as of and for the year ended June 30, 2011, and have issued our reports thereon. 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 audits. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audits.

Significant Audit Findings

We are responsible for communicating significant matters related to the audits that, in our professional judgment, are relevant to overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We have reported such matters in a separate communication dated January 14, 2012.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Related Entities are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended June 30, 2011. We noted no transactions entered into by the Related Entities 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.

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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, 2011, we evaluated the key factors and assumptions used by management in determining accounting estimates were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

No difficulties were encountered during the current year audits. No delays were noted in the commencement of the audits or in providing us with needed information. Management and accounting personnel were very helpful in assisting us during our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audits, other than those that are 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 letter, professional standards define a disagreement with management as 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' reports. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

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

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 Related Entities' 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 prior to our appointment as the Related Entities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our appointment.

* * * * *

This information is intended solely for the use of the Committee of Fiscal Affair, Sub-committee of Audit and management of the Related Entities and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve as your auditors. Please contact us at your convenience if you would like to meet with us to discuss our findings in further detail or to review any other questions that you might have.

Very truly yours,

TOSKI & CO., CPAs, P.C.

THE CITY UNIVERSITY OF NEW YORK COLLEGE ASSOCIATIONS

Report on Financial Condition as of June 30, 2011

Office of Budget and Finance
Office of University Controller
January 22, 2012

This report summarizes the financial condition of The City University of New York College Associations' ("Associations"). It is based on the fiscal year 2011 independent audits of these entities. There are 16 senior college and 6 community college Associations. A list of the Associations appears at the end of the report.

The Associations are non-profit entities created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of the various colleges that comprise CUNY. The Associations' revenue is derived primarily from student activity fees levied by a resolution of the Board of Trustees of the University and collected by the CUNY colleges. While the Associations were audited separately, this report is a combination of those audits and the data from the financial statements are presented in a combined format.

Assets, Liabilities and Net Assets

The following presents the Associations' assets, liabilities, and net assets as of June 30, 2011 and 2010, under the accrual basis of accounting. Total net assets amounted to $17,944,832. This represented an increase of $2,512,078, or 16%, compared to fiscal year 2010.

ASSETS	**2011**	2010	Dollan Change	Percent Change
Current assets:				
Cash and cash equivalents	**13,627,654**	13,247,331	$ 380,323	3%
Accounts and other receivables	**359,891**	260,161	99,730	38%
Due from related parties	**965,618**	756,284	209,334	28%
Short-term investments	**1,206,904**	654,220	552,684	84%
Prepaid expenses and other assets	**505,645**	422,443	83,202	20%
Total current assets	**16,665,712**	15,340,439	1,325,273	9%
Noncurrent assets:				
Long-term investments	**5,149,407**	4,605,255	544,152	12%
Capital assets, net	**2,290,661**	2,598,059	(307,398)	(12%)
Total noncurrent assets	**7,440,068**	7,203,314	236,754	3%
Total assets	**24,105,780**	22,543,753	1,562,027	7%
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	**2,146,119**	2,670,842	(524,723)	(20%)
Deferred revenue	**2,944,501**	3,387,738	(443,237)	(13%)
Deposits held in custody for others	**178,134**	171,522	6,612	4%
Due to related parties	**892,194**	880,897	11,297	1%
Total current liabilities	**6,160,948**	7,110,999	(950,051)	(13%)
Total liabilities	**6,160,948**	7,110,999	(950,051)	(13%)
NET ASSETS				
Invested in capital assets, net	**2,290,661**	2,598,059	(307,398)	(12%)
Unrestricted	**15,654,171**	12,834,695	2,819,476	22%
Total net assets	**17,944,832**	15,432,754	$ 2,512,078	16%

Assets

At June 30, 2011, the Associations' total assets increased by $1,562,027, or 7%, compared to the previous year. Cash and cash equivalents accounted for approximately 57% of total assets, followed by investments of approximately 26%, and capital assets of approximately 10%. The Associations' increases in total assets were attributable to short term investments and long term investments, offset by a decrease in capital assets, net.

Liabilities

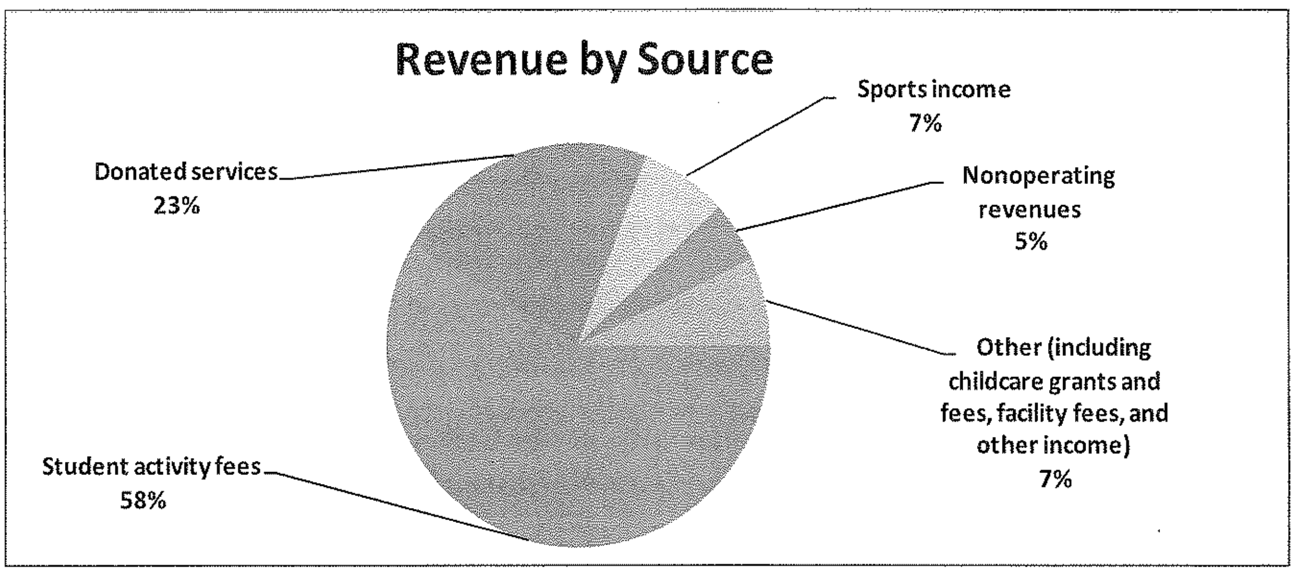
Total liabilities decreased by $950,051, or 13%, from the prior year, primarily due to a decrease of $524,723 and $443,237 in accounts payable and accrued expenses and deferred revenue, respectively. The decreases had to do with the timing of operating expenses, more timely payment of bills and the collection of student fees.

Net Assets

The total net assets increased by $2,512,078, or 16%, compare to the previous year. This was primarily due to gains from operation.

Revenues

The following chart depicts the Associations' revenues, by source, for the year ended June 30, 2011:



The three major sources of revenues of the Associations were student activity fees, which accounted for 58% of revenues, followed by donated space and services at 23%, and sports income at 7%. Accordingly, the Associations are dependent upon this level of support to carry out their operations.

A breakdown of Association revenues between 2011 and 2012 is provided in the following table.

	2011	2010	Dollar Change	Percent Change
Operating revenues:				
Student activity fees	**$ 28,397,979**	$ 26,257,909	$ 2,140,070	8 %
Sports income	**3,503,307**	4,082,150	(578,843)	(14)%
Facility fees	**930,346**	888,563	41,783	5 %
Childcare grants and fees	**1,388,848**	1,151,141	237,707	21 %
Donated space and services	**10,919,629**	9,311,017	1,608,612	17 %
Other income	**1,091,430**	1,301,674	(210,244)	(16)%
Total operating revenues	**46,231,539**	42,992,454	3,239,085	8%
Nonoperating revenues:				
Net appreciation in fair value of investments	**753,031**	397,625	355,406	89%
Investment income	**101,517**	155,827	(54,310)	(35)%
Contributions	**193,544**	188,559	4,985	3%
Other	**1,356,108**	2,281,425	(925,317)	(41)%
Total nonoperating revenues	**2,404,200**	3,023,436	(619,236)	(20)%
Total revenues	**$ 48,635,739**	$ 46,015,890	$ 2,619,849	6%

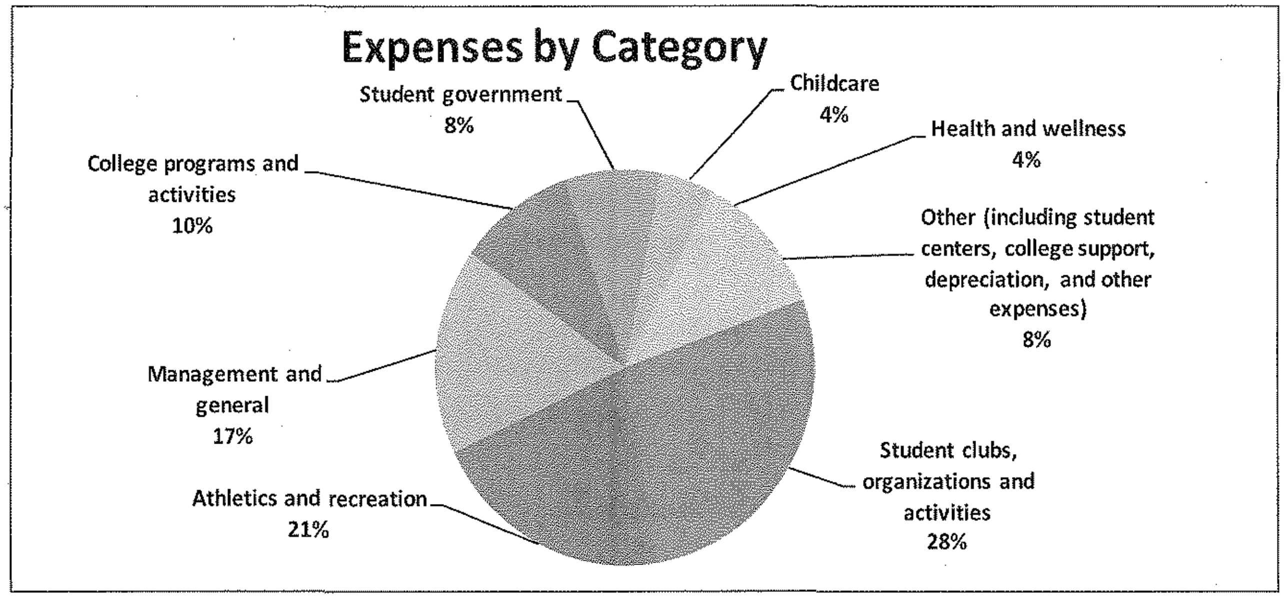
The Associations' total revenues for fiscal year 2011 amounted to $48,635,739, an increase of $2,619,849, or 6%, compared to the previous year. The largest components of this variance resulted from an increase in student activity fees and donated space and services. These increases were partly offset by a decrease in other non-operating revenues.

- Student activity fees revenue increased notably. At Baruch College Association and Queens College Student Service Corporation, the increases were mainly due to increases in the rates of student activity fee. At Lehman College Association, and York College Association, the increases were mainly due to increases in student enrollments and the increased rate of student activity fees.
- Donated space and services
  - At Baruch College Association and LaGuardia Community College Association, the increases were due to higher rates per square footage used to compute donated space;
  - At Bronx Community College Association, the increase was due to the childcare services moving into a larger, newly constructed facilities on the College campus; and
  - At Brooklyn College Central Depository and Athletics and Recreation Association, the increase was due to salary increases and more space being used in the new West Quad building.
- Other non-operating revenues
  - Decreased by $794,291 at Queens College Student Services Corporation due to a one time receipt of fees from a new food vendor netted with upgrade and renovation expenses in the previous year'
  - Decreased by $442,660 at Bronx Community College Association due the settlement of litigation involving the Child Development Center in fiscal year 2010. This was a one-time event.
  - Increased by $455,827 at Queens College Athletic and Recreation Fund due to the funds provided by the College for the loss of revenue from the Tennis Center and additional support for scholarship and other operating expenses.

There were no other significant or unexpected changes in the Associations' revenues.

Expenses

The following illustrates the Associations' expenses, by category, for the year ended June 30, 2011:



During fiscal year 2011, the Associations expended funds on the following principal activities: student clubs, organization and activities, 28%; athletics and recreation, 21%; management and general, 17%; college program and activities, 10%; student government, 8%; and child care, 5%.

A breakdown of Association expenses between 2011 and 2012 is provided in the following table.

	2011	2010	Dollar Change	Percent Change
Operating expenses:				
Student clubs, organizations and activities	$ **12,799,647**	$ 11,986,833	$ 812,814	7%
Athletics and recreation	**9,570,188**	8,685,515	884,673	10%
Student centers	**1,398,025**	1,409,754	(11,729)	(1)%
Student government	**3,764,967**	3,347,781	417,186	12%
Childcare	**2,089,320**	2,023,225	66,095	3%
Health and wellness	**1,963,594**	1,824,358	139,236	8%
College programs and activities	**4,634,776**	5,115,894	(481,118)	(9)%
Management and general	**7,807,091**	6,462,700	1,344,391	21%
Other	**528,493**	633,531	(105,038)	(17)%
Depreciation	**641,635**	646,837	(5,202)	(1)%
Total operating expenses	**45,197,736**	42,136,428	3,061,308	6 %
Nonoperating expenses:				
College support	**925,925**	1,199,386	(273,461)	(23)%
Total nonoperating expenses	**925,925**	1,199,386	(273,461)	(23)%
Total expenses	$ **46,123,661**	$ 43,335,814	$ 2,787,847	6 %

The Associations' total expenses for fiscal year 2011 amounted to $46,123,661, an increase of $2,787,847, or 6%, compared to the previous year. The major increase included management and general, athletics and recreation, and student clubs, organizations and activities.

- Management and General
    - Increased by $501,029 at Queens College Student Services Corporation due to repair and maintenance expenses and miscellaneous administrative expenses;
    - Increased by $398,310 at Queens College Athletic and Recreation Fund due to the damage to the tennis facility; and
    - Increased by $317,250 at Bronx Community College Association due to increased charges for donated services related to the use of the new building by the childcare center.
- Athletics and Recreation
    - Increased by $370,333 at Baruch College Association for general equipment expenses related to the upgrade of fitness center and an increase in donated space expenses;
    - Increased by $161,814 at Brooklyn College Central Depository and Athletics and Recreation Association due to higher salaries;
    - Increased by $82,997 at York College Association from the procurement of new uniforms, supplies, and to represent the college at the NCAA and the ECAC athletic conferences;
    - Increased by $73,320 at Queens College Athletic and Recreation Fund due to the recognition of vacation expense for part-time employees; and
    - Increased by $69,154 at the College of Staten Island Association due to increases in expenditures for transportation, coaching personnel, team trips, uniform purchases, media guides, and the athletic awards reception.
- Student Clubs, Organizations and Activities increased most notably at LaGuardia Community College Association, Lehman College, and Brooklyn College Central Depository and Athletics and Recreation Association. This was mainly due to higher donated space expenses resulting from an increase in the square footage rate from $25 to $35 per square foot. At Baruch College Association, there was an increase in contractual services expenses for the refurbishments of offices and lounges and in miscellaneous expenses as a result of an increase in club events.

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

Senior College Associations

1. Bernard M. Baruch College Association, Inc
2. Brooklyn College Student Service Corporation
3. Brooklyn College Central Depository and Brooklyn College Athletics and Recreation Association
4. The City College Student Services Corporation
5. The College of Staten Island Association, Inc.
6. CUNY School of Law Student Association, Inc.
7. Doctoral and Graduate Students' Council of The City University of New York – Graduate School and University Center Fiduciary Accounts
8. Undergraduate and Graduate Student Governments of Hunter College of The City University of New York
9. John Jay College of Criminal Justice Student Activities Association, Inc.
10. Herbert H. Lehman College Association for Campus Activities, Inc.
11. Medgar Evers College Student-Faculty Association, Inc.
12. College Association of New York City College of Technology, Inc.
13. Queens College Association
14. Queens College Student Services Corporation
15. Queens College Athletic and Recreational Fund
16. York College Association, Inc.

Community College Associations

1. Borough of Manhattan Community College Association, Inc.
2. Bronx Community College Association, Inc.
3. Eugenio Maria de Hostos Community College Association, Inc.
4. Kingsborough Community College Association, Inc.
5. Fiorello H. LaGuardia Community College Association, Inc.
6. Queensborough Community College Student Activities Association

THE CITY UNIVERSITY OF NEW YORK
AUXILIARY ENTERPRISE CORPORATIONS AND BOARDS

Report on Financial Condition as of June 30, 2011

Office of Budget and Finance
Office of University Controller
January 22, 2012

This report summarizes the financial condition of The City University of New York's Auxiliary Enterprise Corporations ("Auxiliaries"). It is based on the 2011 independent audits of these entities. There are 12 senior college Auxiliaries and 6 community college Auxiliary entities. A list of the Auxiliaries is provided at the end of the report.

The Auxiliaries are not-for-profit entities, created for the principal purpose of supporting certain student activities and providing facilities and auxiliary services for the benefit of the respective Colleges of CUNY. While the Auxiliaries were audited separately, this report is a combination of those audits and the data from the financial statements are presented in a combined format.

Assets, Liabilities and Net Assets

The following table presents the combined assets, liabilities, and net assets of the Auxiliaries as of June 30, 2011 and 2010, under the accrual basis of accounting. The total net assets amounted to $23,979,011. This represents a decrease of $81,847 from the prior year.

ASSETS	2011	2010	Dollar Change	Percentage Change
Current assets:				
Cash and cash equivalents	**14,971,114**	15,130,038	(158,924)	(1)%
Accounts and other receivables	**1,227,495**	1,045,529	181,966	17%
Commissions receivable	**1,082,260**	1,638,847	(556,587)	(34)%
Due from related parties	**357,015**	655,071	(298,056)	(45)%
Short-term investments	**6,579,287**	5,511,184	1,068,103	19%
Prepaid expenses and other assets	**1,112,990**	1,848,120	(735,130)	(40)%
Total current assets	**25,330,161**	25,828,789	(498,628)	(2)%
Noncurrent assets:				
Long-term investments	**2,787,711**	3,927,455	(1,139,744)	(29)%
Capital assets, net	**2,995,074**	1,748,757	1,246,317	71%
Total noncurrent assets	**5,782,785**	5,676,212	106,573	2%
Total assets	**31,112,946**	31,505,001	(392,055)	(1)%
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expen	**2,151,276**	2,549,103	(397,827)	(16)%
Other current liabilities	**30,601**	8,864	21,737	245%
Deferred revenue	**565,352**	670,907	(105,555)	(16)%
Deposits held in custody for others	**3,172,137**	3,120,883	51,254	2%
Due to related parties	**992,511**	890,395	102,116	11%
Security deposits	**114,162**	87,101	27,061	31%
Total current liabilities	**7,026,039**	7,327,253	(301,214)	(4)%
Noncurrent liabilities:				
Security deposits	**107,896**	116,890	(8,994)	(8)%
Total noncurrent liabilities	**107,896**	116,890	(8,994)	(8)%
Total liabilities	**7,133,935**	7,444,143	(310,208)	(4)%
NET ASSETS				
Net assets:				
Invested in capital assets	**2,995,074**	1,748,757	1,246,317	71%
Unrestricted	**20,983,937**	22,312,101	(1,328,164)	(6)%
Total net assets	**23,979,011**	24,060,858	(81,847)	0%

Assets

At June 30, 2011, the Auxiliaries' total assets decreased by $392,055, or 1%, compared to the previous year. The largest components of this change were attributable to decreases in long-term investments, prepaid expenses and other assets, and commissions' receivables, offset by increases in Capital Assets, net and short-term investments.

- Long-term investments decreased by $1,043,608 at the Graduate School, as a result of transfers to the Graduate Center Foundation Housing Corporation to support the Graduate Center's faculty and student housing project.
- Prepaid expenses and other assets
  - Decreased by $517,725 at Queensborough Community College, as a result of reduced amounts due from the Research Foundation of CUNY; and
  - Decreased by $252,546 at Brooklyn College, resulting primarily from outstanding fiscal year 2010 advance payments being expensed during fiscal year 2011.
- Commissions' receivable decreased by $548,003 at John Jay College due to the reevaluation of contract arrangements for bookstore services as well as a reassessment of receivables from food service operations.
- Capital Assets, Net
  - Increased by $418,697 at Lehman College, as a result of renovations to the cafeteria;
  - Increased by $406,565 at College of Staten Island, as a result of parking lot improvements; and
  - Increased by $207,619 at Queens College, as a result of reinstallation of concrete in the parking area.
- Short-term investments increased by $1,068,103 at Borough of Manhattan Community College where there were significant net unrealized investment gains and investment of prior year surplus.

Liabilities

At June 30, 2011, the Auxiliaries' total liabilities decreased by $310,208, or 4%, from the prior year. The largest components of this change were attributable to a decrease in accounts payable and accrued expenses.

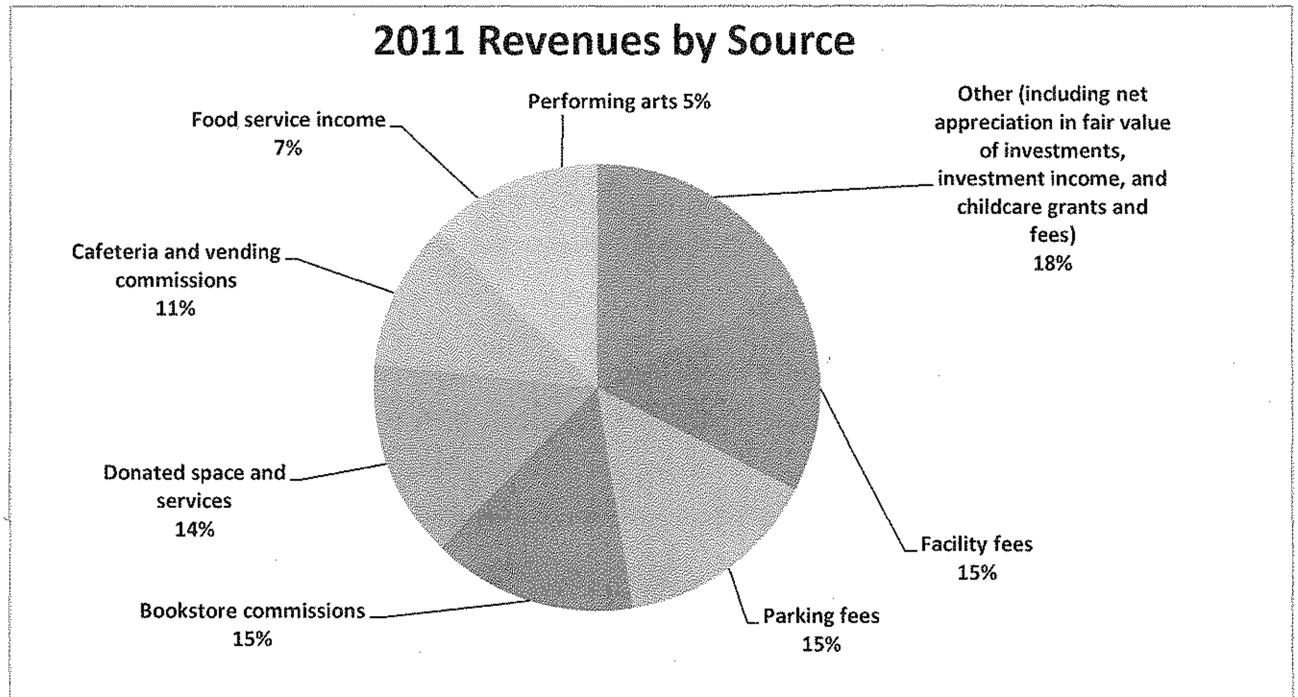
- Accounts payable and accrued expenses decreased from the prior year, primarily due to the timing of payments principally at Queens College, John Jay College, LaGuardia Community College, and Brooklyn College.

Net Assets

There was no material change in Net Assets from 2011 to 2010.

Revenues

The following chart depicts the Auxiliaries' revenues, by source, for the year ended June 30, 2011:



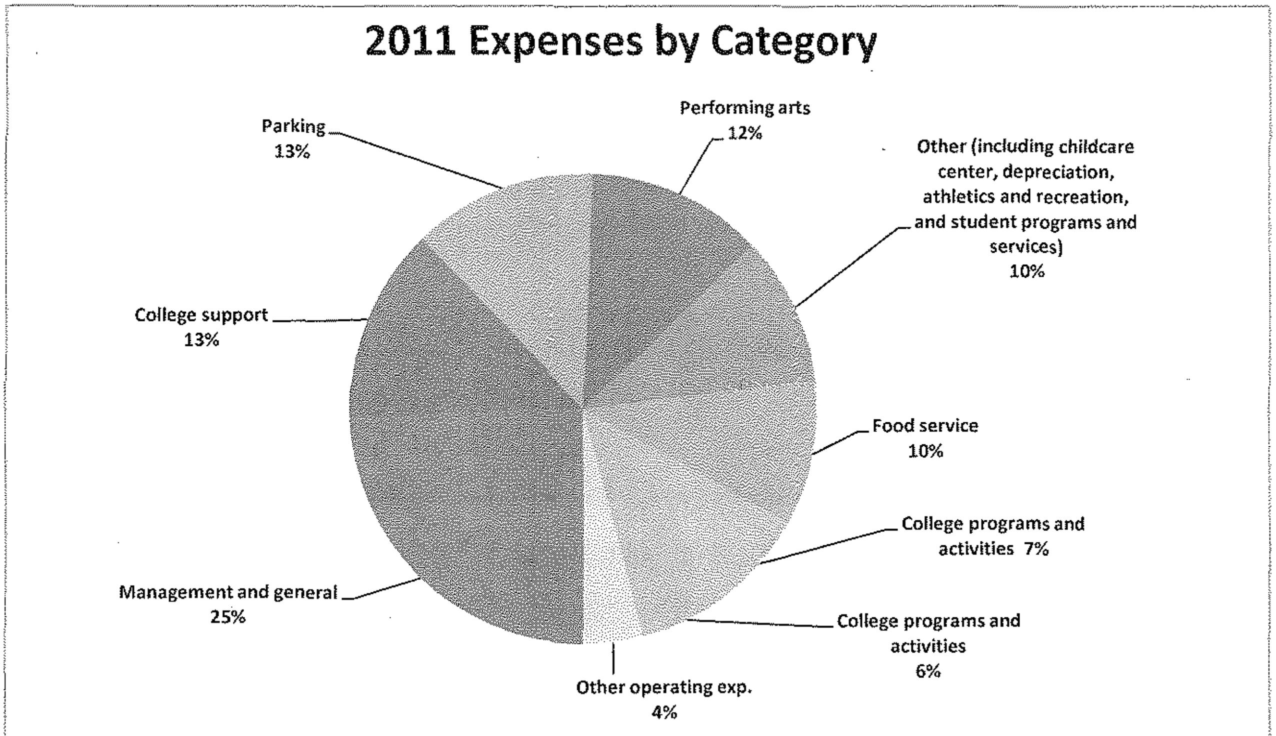
Facility fees, parking fees, bookstore commissions, donated space and services, and cafeteria and vending commissions, represented 15%, 15%, 15%, 14% and 11% of total revenues, respectively. Accordingly, the Auxiliaries are dependent upon this level of support to carry out their operations. A comparison of revenue between 2011 and 2010 is shown in the following table. Total revenue increased very slightly (2%) in 2011.

A breakdown of Auxiliary revenues between 2011 and 2012 is provided in the following table.

	2011	2010	Dollar Change	Percent Change
Operating revenues:				
Bookstore commissions	$ 4,146,353	$ 4,805,769	$ (659,416)	(14)%
Cafeteria and vending commissions	2,972,368	3,178,536	(206,168)	(6)%
Other commissions	386,898	361,943	24,955	7 %
Parking fees	4,162,525	3,928,443	234,082	6 %
Facility fees	4,175,882	4,027,378	148,504	4 %
Food service income	2,121,199	2,022,517	98,682	5 %
Royalties	737,699	709,677	28,022	4 %
Performing arts	1,429,723	1,355,549	74,174	5 %
Childcare grants and fees	813,190	896,864	(83,674)	(9)%
Donated space and services	4,015,963	3,680,572	335,391	9 %
Management fees	303,128	269,902	33,226	12%
Athletics and recreation	492,887	479,774	13,113	3%
Other	865,588	1,086,903	(221,315)	(20)%
Total operating revenues	26,623,403	26,803,827	(180,424)	(1)%
Nonoperating revenues:				
Investment income	370,665	343,187	27,478	8%
Net appreciatrion in fair value of investments	910,200	242,534	667,666	275%
Contribution	35,000	13,698	21,302	156 %
Total nonoperating revenues	1,315,865	599,419	716,446	120%
Total revenues	$ 27,939,268	$ 27,403,246	$ 536,022	2 %

Expenses

The following chart shows the Auxiliaries' expenses, by expense category, for the year ended June 30, 2011:



During fiscal 2011, the Auxiliaries expended funds on the following principal activities: management and general, 25%; college support, 13%; parking, 13%; performing arts, 12%; and food service, 10%. A breakdown of expense categories for 2011 and 2010 is provided in the following table.

A breakdown of Auxiliary expenses between 2011 and 2012 is provided in the following table.

	2011	2010	Dollar Change	Percent Change
Operating expenses:				
Parking	$ **3,573,801**	$ 2,924,237	$ 649,564	22%
Performing arts	**3,396,775**	3,390,807	5,968	0 %
Childcare center	**858,380**	867,081	(8,701)	(1)%
Operation and maintenance of plant	**1,820,321**	1,927,383	(107,062)	(6)%
Food service	**2,792,351**	2,714,473	77,878	3 %
Student programs and services	**547,256**	373,939	173,317	46 %
Athletics and recreation	**575,420**	471,289	104,131	22 %
Management and general	**6,852,124**	5,536,471	1,315,653	24 %
Depreciation	**609,066**	429,192	179,874	42 %
Other	**1,150,672**	1,197,829	(47,157)	(4)%
Total operating expenses	**22,176,166**	19,832,701	2,343,465	12 %
Nonoperating expenses:				
Athletics and recreation	**49,831**	16,125	33,706	209%
College programs and activities	**1,811,175**	2,229,518	(418,343)	(19)%
Transfers to other related entities	-	38,000	(38,000)	(100)%
College support	**3,740,757**	2,763,768	976,989	35 %
Other	**243,186**	145,326	97,860	67%
Total nonoperating expenses	**5,844,949**	5,192,737	652,212	13 %
Total expenses	$ **28,021,115**	$ 25,025,438	$ 2,995,677	12 %

Total expenses for fiscal 2011 of $28,021,115, increased by $2,995,677, or 12%, compared to the prior year. The increase is primarily due to increases in parking, management and general, and college support, offset by a decrease in college programs and activities.

- Parking principally increased at College of Staten Island, Queensborough Community College, City College, and Lehman College.
- Management and general
  - Increased by $585,305 at John Jay College for bad debt expense related to the reevaluation of bookstore and cafeteria services receivables;
  - Increased by $173,963 at Hunter Colleges for renovations to the third floor cafeteria and first floor coffee kiosk;
  - Increased by $156,438 at the Graduate Center for website design and branding services; and
  - Increased by $80,595 at Hostos Community College for donated services due to higher cost per square foot.
- College support
  - Increased by $2,002,000 at the Graduate Center due to the contributions to the Graduate Center Foundation Housing Corporation and Doctoral Students' Council; and
  - Decreased by $869,822 at Hunter College due to a one-time allocation of funds to the College for the renovation of the auditorium, library and other faculty and student spaces in the prior year.
- College programs and activities Decreased by $388,991 at John Jay College in anticipation of lost revenue from bookstore and food services' operations.

Senior College Auxiliaries

1. Bernard M. Baruch College Auxiliary Enterprises Corporation
2. Brooklyn College Auxiliary Enterprise Corporation
3. The City College Auxiliary Enterprise Corporation
4. The College of Staten Island Auxiliary Services Corporation, Inc.
5. Auxiliary Enterprise of the City University of New York – Graduate School and University Center Fiduciary Accounts
6. Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.
7. Auxiliary Enterprise Board of Hunter College of The City University of New York
8. John Jay College of Criminal Justice Auxiliary Services Corporation, Inc.
9. Medgar Evers College Auxiliary Enterprises Corporation
10. The Auxiliary Enterprise Board of New York City Technical College, Inc.
11. Queens College Auxiliary Enterprises Corporation
12. York College Auxiliary Enterprises Corporation

Community College Auxiliaries

1. Borough of Manhattan Community College Auxiliary Enterprises Corporation
2. Bronx Community College Auxiliary Enterprise Corporation, Inc.
3. Eugenio Maria de Hostos Community College Auxiliary Enterprises Corporation, Inc.
4. Kingsborough Community College Auxiliary Enterprises Corporation
5. Fiorello H. LaGuardia Community College Auxiliary Enterprises Corp.
6. Queensborough Community College Auxiliary Enterprise Association, Inc.

THE CITY UNIVERSITY OF NEW YORK
RELATED ENTITIES

Internal Control Letter

June 30, 2011

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

300 ESSJAY ROAD, STE 115
WILLIAMSVILLE, NY 14221
(716) 634-0700

14 CORPORATE WOODS BLVD.
ALBANY, NY 12211
(518) 935-0169

January 14, 2012

Dr. Barry Kaufman
University Controller
The City University of New York
230 West 41th Street, 5th Floor
New York, New York 10036

Dear Dr. Kaufman:

In connection with our audits of The City University of New York Related Entities (the Related Entities), as of and for the year ended June 30, 2011, auditing standards generally accepted in the United States of America (US GAAS) established by the American Institute of Certified Public Accountants require that we advise you of the following internal control matters identified during our audits.

Our Responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Related Entities' internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified Internal Control Matters

We identified the following internal control matters that are of sufficient importance to merit your attention.

EMAIL: toski@toskicpa.com
WEBSITE: www.toskicpa.com

Material Weaknesses

A deficiency in internal control (control deficiency) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control that, individually or in combination, may be material weaknesses. However, we consider the identified control deficiencies presented in the accompanying Section 1 of this letter to be material weaknesses.

Significant Deficiencies

Our audits were also not designed to identify deficiencies in internal control that, individually or in combination, may be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no significant deficiencies that were also not considered material weaknesses as identified above.

Other Matters Shared With Entity Management

During our audits we also noted other matters shared with entity management that are presented for your consideration in the accompanying Section 2 of this letter.

The matters presented herein are those that we noted as of the individual dates of our independent auditors' reports as they relate to each respective entity, and we have not updated our procedures regarding these matters since that date to the current date.

*   *   *   *   *

This communication is intended solely for the information and use of management, those charged with governance and others within the related entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Toski & Co., CPAs, P.C.

TOSKI & CO., CPAs, P.C.

THE CITY UNIVERSITY OF NEW YORK
RELATED ENTITIES

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THE CITY UNIVERSITY OF NEW YORK
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June 30, 2011

(1) Material Weaknesses

The following matter pertaining to the New York City College of Technology was noted, which we believe constitutes a material weakness in internal control over financial reporting.

We noted that both the College Association of New York City College of Technology, Inc. (the NYCTT Association) and the Auxiliary Enterprise Board of New York City College of Technology, Inc. (the NYCTT Auxiliary) had interorganizational balances that were not reconciled. Management provided the documentation and the correcting entries to properly adjust the interorganizational balances between the related parties. We recommend that the College continue to improve the internal processes involving the reconciliation of interorganizational balances on a monthly basis to ensure accuracy.

The following matter relates to lack of segregation of duties pertaining to Medgar Evers College Auxiliary Enterprises Corporation. We believe this to be a material weakness in internal control over financial reporting.

The Corporation exhibits a lack of segregation of accounting duties. Currently this affects the preparation and review of all accounting records. The Medgar Evers College accounting department lacks the accounting staff to properly separate the preparation and review function required to have segregation of accounting duties. We recommend that monthly transactions be reviewed by a member of management. Specifically, all journal entries and monthly financial statement balances should be reviewed by someone who can determine whether balances are reasonable. Additionally, bank statements should be received by someone independent of cash disbursements and cancelled checks should be reviewed for unusual items. We also recommend that management adopt controls over computer access, such as providing another person with a supervisory role access in order to protect against misallocations and other improper entries.

(2) Other Matters Shared With Entity Management

(a) Journal Entry Review and Approval

The York College Auxiliary Enterprises Corporation utilizes journal entries to record a majority of its transactions into the financial reporting system. We observed that the recording of certain payroll accruals did not include supporting documentation that was signed by the preparer. We recommend that the supporting documentation be signed by the preparer and the reviewer before journal entries are posted. This process will assist the Auxiliary in recording transactions and allow for the appropriate documented review and approval.

(2) Other Matters Shared With Entity Management, Continued

(b) Verification of Concessionaire Provided Information

The following pertains to York College Auxiliary Enterprises Corporation and Bronx Community College Auxiliary Enterprises Corporation.

The Auxiliary outsources various operations of the college (i.e. bookstore and food service operations). The outsourced service providers remit payment to the Auxiliary based on a percentage of reported sales. The Auxiliary does not currently perform any independent verification procedures to validate the reported sales information received. In order to improve internal control and ensure that the Auxiliary is receiving all commission revenue to which it is entitled, we recommend that the Auxiliary perform procedures to corroborate the information received to underlying supporting documents.

(c) Accounting Policies and Procedures Manual

The following pertains to:

- Eugenio Maria De Hostos Community College Association, Inc.
- Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation, Inc.
- Medgar Evers College Auxiliary Enterprises Corporation

These entities do not maintain an accounting policies and procedures manual specific for the Entities. In order to improve internal control over the financial reporting system of the Entities, we recommend the preparation of an accounting policies and procedures manual. The manual should include, among other things, an up-to-date chart of accounts, and adequate explanation of accounting procedures and routines. Any changes in the system or procedures should require a written revision of the accounting manual and would be subject to approval of management. Such a system would assist management in their responsibility to monitor the system of internal control and would be valuable in the event of turnover of accounting personnel.

(d) Outstanding Checks

The following pertains to:

- Borough of Manhattan Community College Association, Inc.
- Eugenio Maria De Hostos Community College Association, Inc.
- John Jay College of Criminal Justice Student Activities Association, Inc.
- Medgar Evers College Student Faculty Association, Inc.

As part of our review of accounts payable and cash, we noted various voided checks along with outstanding checks that were over one year old. The New York State Office of the State Comptroller considers uncashed checks over one year from the date of issuance to be abandoned property. In order to comply with New York State guidelines, we recommend that the Association give notification to the payee of these funds no less than ninety days prior to reporting such amounts as abandoned property. In addition, a second notice, by certified mail, is required sixty days prior to the transfer if the amount exceeds $1,000. Notification is not required for checks less than $20.

(2) Other Matters Shared With Entity Management, Continued

(e) Bad Debt Policy

The following pertains to Bronx Community College Auxiliary Enterprises Corporation and Fiorello H. LaGuardia Community College Auxiliary Enterprises Corporation.

The Entities currently do not have established policies and procedures for the write-off of bad debts and creating an allowance of doubtful accounts. In order to improve internal control over accounts receivable, we recommend that the Entities establish policies and procedures relating to the write-off of bad debts and creating an allowance for doubtful accounts.

(f) Board Governance

Medgar Evers College Auxiliary Enterprises Corporation does not have a formal active Board of Directors. In order to improve governance of the Auxiliary, we recommend that appropriate individuals be appointed to the Board of Directors and that the Board take an active role in the governance of the Auxiliary.

(g) Board of Directors

The following pertains to Auxiliary Enterprises of the City University of New York Graduate School and University Center Fiduciary Accounts.

It was noted that the by-laws require the Board of Directors to conduct a minimum of at least one meeting per semester, with the first regular meeting for the fall semester being the annual meeting. During the year ended June 30, 2011, it was noted that there were no meetings conducted by the Board of Directors. In order to comply with the Auxiliary's by-laws and to properly document official business of the Auxiliary, we recommend that the Board of Directors of the Auxiliary conduct official meetings as required by its by-laws.

(h) Signing of Board Minutes

The following pertains to:

- Fiorello H. Laguardia Community College Association, Inc.
- Queens College Association
- Queens College Student Services Corporation
- York College Association, Inc.
- York College Auxiliary Enterprise Corporation

During our review of the minutes of meetings of the Board of Directors, we noted that the minutes were not being signed. In order to improve the record of events of Board meetings, we recommend that the minutes be signed after they are approved at the next meeting. We believe that a written signature is a normal procedure that should be followed to confirm the accuracy and completeness of the actions taken by the Board of Directors at that meeting.

(2) Other Matters Shared With Entity Management, Continued

(i) Budgeting

Medgar Evers College Auxiliary Enterprises Corporation does not have an approved budget for the fiscal year ended June 30, 2011. In order to improve internal control over the fiscal operations of the Auxiliary, we recommend that an annual budget be prepared and approved by the Board of Directors. Additionally, operating results should be compared to the approved budget.

(j) Approval of Cash Disbursements

The following pertains to City College Student Services Corporation and City College Auxiliary Enterprise Corporation.

As part of our audit of the City College Student Services Corporation, we reviewed a sample of sixty cash disbursements and tested them for a variety of attributes. The following results were noted:

- Three of sixty disbursements did not have management approval.
- One of sixty disbursements did not include which account number was to be charged.
- None of the sixty disbursements included any cancellation of the invoice. In order to ensure that an invoice does not get accidently paid twice, we recommend that the Association acquire a "paid" stamp and use it to cancel invoices upon payment.

As a result, we recommend that management review its disbursement procedures to ensure that all checks issued by the Association include all of the relevant supporting documentation authorized signatures, and proper completion of the requisition forms.

During our examination of 60 cash disbursements of the City College Auxiliary Enterprise Corporation, we noted that 44 were not approved by management before the payment was released. In order to improve internal control over cash disbursements, we recommend that all cash disbursements be reviewed and approved prior to release. This will ensure all cash disbursements are proper.

(k) Cash Handling Policy

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc. does not have documented policies and procedures for the handling of cash. Internal controls are most effective when there are clear policies with regard to the controls over cash. Lack of such policies could affect the safeguarding of cash. In order to improve internal controls, we recommend that a formal policy for the handling of cash be prepared and presented for approval by the Board of Directors.

(2) Other Matters Shared With Entity Management, Continued

(l) Commission Revenue Contract

The following pertains to the Auxiliary Enterprise of the City University of New York - Graduate School and University Center Fiduciary Accounts (the Auxiliary).

The operating contract between the Auxiliary and Restaurant Associates (RA) includes a provision that allows the Auxiliary to examine the books and records of RA to verify that the information used to calculate the commission revenue earned by the Auxiliary. We noted that this procedure has not been performed by the Auxiliary in recent years. In order to ensure that the Auxiliary is receiving all of the commission revenue to which it is entitled, we recommend that the Auxiliary exercise its right to examine the records of RA at least once per year.

(m) Financial Reporting

The following pertains to Bronx Community College Association, Inc. and Queens College Auxiliary Enterprises Association.

The Entities do not currently provide interim financial statements of the operations of the Entities to the Board of Directors. In order to improve internal control over the financial reporting system of the Entities, we recommend that periodic interim financial statements be prepared to augment the current monitoring activities and allow for timely operating performance review and feedback.

(n) Key Deposits

Queens College Student Services Corporation retains a balance that represents deposits paid by club members for their clubroom keys. Only a small portion can be supported by current deposit slips. The remaining balance appears to represent forfeited deposits from previous years. We recommend that the Corporation retain only what can be supported by current deposit slips. The remaining balance should be transferred to the operating account and be recorded as revenue.

(o) Off-Site Storage of Computer Files

The following pertains to Medgar Evers College for both the Association and the Auxiliary.

Back-up copies of accounting computer files are made on a weekly basis to a flash drive. However, these files are kept on the entity's premises. One of the main reasons for creating backup files is to be able to recover information in the event of a disaster, such as fire or water damage. This objective may not be met if backup files are not kept separate from the regular files. We recommend that copies of weekly and year-end files be properly labeled and cycled off the premises.

(2) Other Matters Shared With Entity Management, Continued

(p) Review of Bank Reconciliations

During the audit of Queens College Association, we noted that neither the preparer nor the reviewer consistently signed and dated bank reconciliations upon their completion. In order to improve internal control with regard to cash, we recommend that the preparer sign and date all bank reconciliations upon completion. We also recommend that subsequent to the review of bank reconciliations, the individual performing the review should sign and date the reconciliation noting the approval of the reconciliation.

(q) Significant and Unusual Transactions

At the Auxiliary Enterprises of the City University of New York - Graduate School and University Center Fiduciary Accounts September 27, 2006, Board of Directors meeting, the Board members discussed and unanimously approved a plan to provide financial support for affordable student housing, within a reasonable commute of the Graduate School. As a result, in 2011 the Auxiliary contributed $2,000,000 to the Graduate Center Foundation Housing Corporation. This is a significant transaction, and a long period of time has elapsed since its initial approval. We recommend, going forward that, prior to the execution of these types of transactions and arrangements, the current Auxiliary Board members be informed and provided with specific details as they become available. The Board minutes should reflect these facts.