

FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

HERBERT H. LEHMAN COLLEGE AUXILIARY
ENTERPRISE CORPORATION, INC.

June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information:	
Management's Discussion and Analysis	1-5
Report of Independent Certified Public Accountants	6
Financial Statements:	
Statement of Net Assets as of June 30, 2009, with Comparative Information for 2008	7
Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2009, with Comparative Information for 2008	8
Statement of Cash Flows for the Year Ended June 30, 2009, with Comparative Information for 2008	9-10
Notes to Financial Statements	11-16

Management's Discussion and Analysis

The intent of management's discussion and analysis ("MD&A") is to provide readers with a comprehensive overview of the Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.'s (the "Auxiliary") financial position as of June 30, 2009, and changes in its net assets for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related footnotes.

Financial Highlights

- The Auxiliary's net assets decreased by \$162,216 or 16%.
- Total revenues increased by \$129,475 or 12%, compared to the previous year. The major components of this variance related to new housing program of \$91,152 and facility rental.
- Total expenses increased by \$133,261 or 11%, compared to the previous year. The major components of this variance related to new setup cost of the new housing program and an increase in personnel wages.

Financial Position

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

Statement of Net Assets

The following summarizes the Auxiliary's assets, liabilities, and net assets as of June 30, 2009 and 2008, under the accrual basis of accounting:

	2009	2008	Dollar Change	Percent Change
Assets:				
Current assets	\$ 657,880	\$ 688,767	\$ (30,887)	(4)%
Noncurrent assets	<u>395,561</u>	<u>488,135</u>	<u>(92,574)</u>	<u>(19)%</u>
Total assets	<u>\$ 1,053,441</u>	<u>\$ 1,176,902</u>	<u>\$ (123,461)</u>	<u>(10)%</u>
Liabilities:				
Current liabilities	\$ 203,780	\$ 156,757	\$ 47,023	30%
Noncurrent liabilities	<u>12,000</u>	<u>20,268</u>	<u>(8,268)</u>	<u>(41)%</u>
Total liabilities	<u>\$ 215,780</u>	<u>\$ 177,025</u>	<u>\$ 38,755</u>	<u>22 %</u>
Net assets:				
Invested in capital assets	\$ 31,975	\$ 51,128	\$ (19,153)	(37)%
Unrestricted	<u>805,686</u>	<u>948,749</u>	<u>(143,063)</u>	<u>(15)%</u>
Total net assets	<u>\$ 837,661</u>	<u>\$ 999,877</u>	<u>\$ (162,216)</u>	<u>(16)%</u>

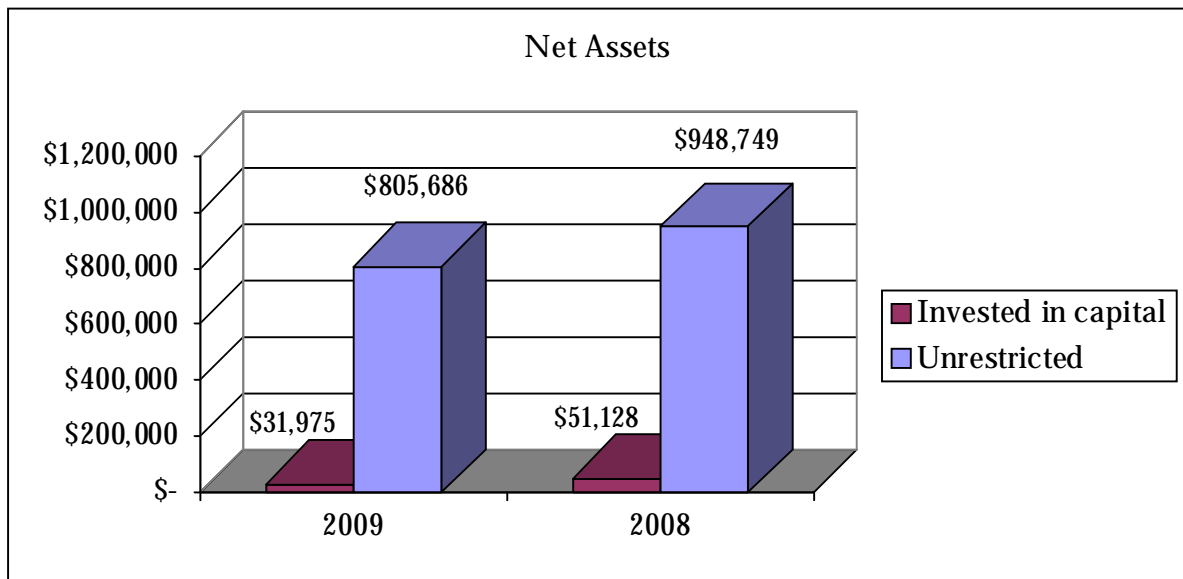
Management's Discussion and Analysis

The total assets of the Auxiliary decreased by approximately \$123,461. This decrease was primarily due to a decline in the market value of investments. Total liabilities for the year increased by approximately \$39,000, a result of the timing of cash disbursements to vendors. The decrease in total assets combined with the increase in total liabilities resulted in a net reduction in total net assets of approximately \$162,000.

At June 30, 2009, the Auxiliary's total current liabilities increased by \$47,023 or 30%, compared to the previous year, which principally resulted from the timing of cash disbursements to vendors.

Net assets are divided into two major categories. The first category, "Invested in capital assets," provides the information about property, plant and equipment owned by the Auxiliary. The second category, "Unrestricted Net Assets", reflects funds available to be expended by the Auxiliary for any lawful purpose.

The following illustrates the Auxiliary's net assets at June 30, 2009 and 2008, by category:



Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the Auxiliary, as well as nonoperating revenues and expenses, if any. The components of revenues and expenses for the years ended June 30, 2009 and 2008 follow:

Management's Discussion and Analysis

Revenues

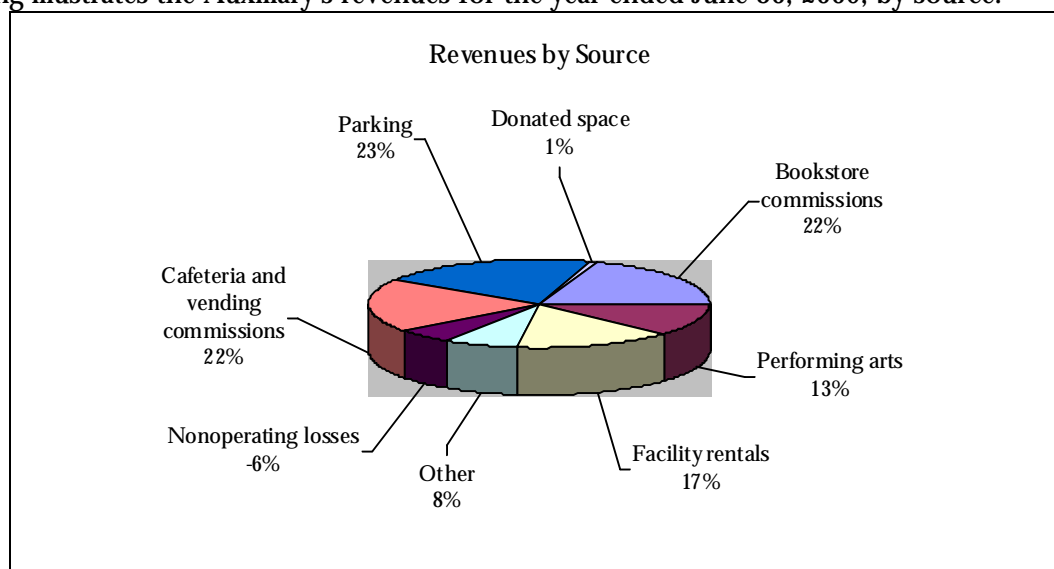
	2009	2008	Dollar Change	Percent Change
Operating revenues:				
Commissions:				
Bookstore	\$ 255,039	\$ 255,559	\$ (520)	-
Cafeteria and vending	255,356	241,265	14,091	6 %
Parking fees	269,596	281,073	(11,477)	(4)%
Facility rentals	203,373	139,240	64,133	46 %
Performing arts	153,968	161,084	(7,116)	(4)%
Donated space	1,549	-	1,549	100 %
Housing program and other income	<u>91,639</u>	<u>487</u>	<u>91,152</u>	<u>100 %</u>
Total operating revenues	1,230,520	1,078,708	151,812	14 %
Nonoperating revenues (losses):				
Investment (losses)	(71,353)	(42,030)	(29,323)	70 %
Other income	<u>7,057</u>	<u>71</u>	<u>6,986</u>	<u>100 %</u>
Total nonoperating revenues (losses)	<u>(64,296)</u>	<u>(41,959)</u>	<u>(22,337)</u>	<u>53 %</u>
Total revenues	<u>\$ 1,166,224</u>	<u>\$ 1,036,749</u>	<u>\$ 129,475</u>	<u>12 %</u>

The Auxiliary's total revenues for fiscal year 2009 were \$1,166,224, an increase of \$129,475 or 12%, compared to the previous year. The major components of this variance related to increase of our new Housing Program of \$91,152, and increase in facility rentals, offset by increase investment losses of \$29,323.

Commissions, parking fees, facility rentals and performing arts represented approximately 44%, 23%, 17% and 13% of total revenues, respectively. Accordingly, the Auxiliary is dependent upon this level of support to carry out its operations.

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

The following illustrates the Auxiliary's revenues for the year ended June 30, 2009, by source:



Management's Discussion and Analysis

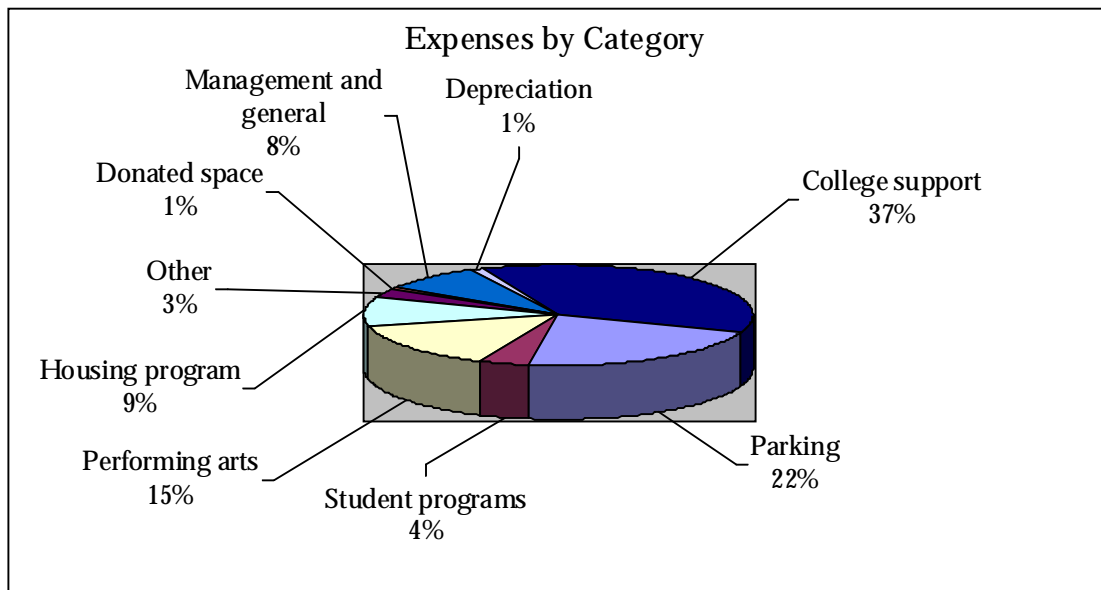
Expenses

	2009	2008	Dollar Change	Percent Change
Operating expenses:				
Parking	\$ 308,552	\$ 298,642	\$ 9,910	3 %
Student programs	55,840	85,971	(30,131)	(35)%
Performing arts	198,178	203,360	(5,182)	(3)%
Housing program	118,135	-	118,135	100%
Other	29,989	23,729	6,260	26 %
Donated space	1,549	-	1,549	100 %
Management and general	101,154	45,081	56,073	124 %
Depreciation	19,153	19,685	(532)	(3)%
Total operating expenses	<u>832,550</u>	<u>676,468</u>	<u>156,082</u>	<u>23%</u>
Nonoperating:				
College support	<u>495,890</u>	<u>518,711</u>	<u>(22,821)</u>	<u>(4)%</u>
Total expenses	<u>\$ 1,328,440</u>	<u>\$ 1,195,179</u>	<u>\$ 133,261</u>	<u>11 %</u>

Total expenses for fiscal 2009 were \$1,328,440, an increase of \$133,261 or 11%, compared to the previous year. The major components of this variance related to an increase in a new housing program supported by the Auxiliary of \$118,135 as well as an increase in parking expense of \$9,910.

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

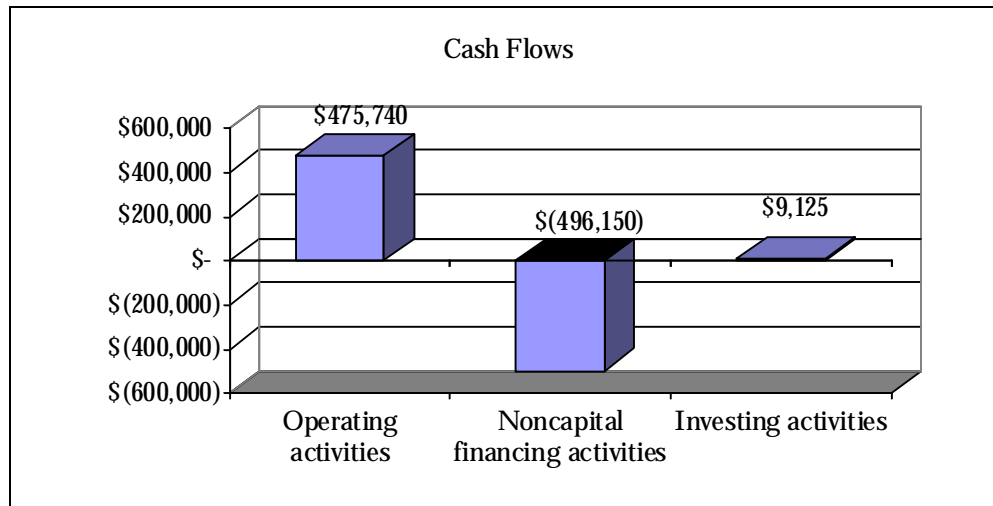
The following illustrates the Auxiliary's expenses for the year ended June 30, 2009, by category:



Management's Discussion and Analysis

CASH FLOWS

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement helps users assess the Auxiliary's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2009:



ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenues earned and related expenses incurred.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

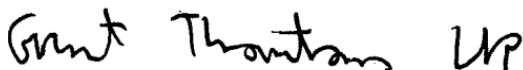
To the Board of Directors of the
Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.:

We have audited the accompanying financial statements, as listed in the table of contents, of the Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc. (the "Auxiliary") as of and for the year ended June 30, 2009. These financial statements are the responsibility of the Auxiliary's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Auxiliary's fiscal 2008 financial statements and, in our report dated February 23, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Auxiliary's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Auxiliary as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis ("MD&A"), presented on pages 1 through 5, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America for entities reporting under Governmental Accounting Standards. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information comprising MD&A and, accordingly, express no opinion on it.



New York, New York
March 19, 2010

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

STATEMENT OF NET ASSETS

As of June 30, 2009, with comparative information for 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents (Note C)	\$ 390,423	\$ 401,708
Accounts receivable, net of allowance for doubtful accounts of \$9,205 and \$138,169 for 2009 and 2008, respectively	204,424	238,162
Prepaid expenses and other assets	<u>63,033</u>	<u>48,897</u>
Total current assets	657,880	688,767
Noncurrent assets:		
Investments, at fair value (Note C)	363,586	437,007
Capital assets, net (Note D)	<u>31,975</u>	<u>51,128</u>
Total noncurrent assets	395,561	488,135
Total assets	<u>\$ 1,053,441</u>	<u>\$ 1,176,902</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 189,609	\$ 150,594
Deposits held in the custody for others (Note E)	<u>14,171</u>	<u>6,163</u>
Total current liabilities	203,780	156,757
Noncurrent liabilities - security deposits	<u>12,000</u>	<u>20,268</u>
Total liabilities	<u>\$ 215,780</u>	<u>\$ 177,025</u>
<u>NET ASSETS</u>		
Net assets:		
Invested in capital assets	\$ 31,975	\$ 51,128
Unrestricted	<u>805,686</u>	<u>948,749</u>
Total net assets	<u>\$ 837,661</u>	<u>\$ 999,877</u>

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2009, with comparative information for 2008

	2009	2008
Operating revenues:		
Commissions (Note B):		
Bookstore	\$ 255,039	\$ 255,559
Cafeteria and vending	255,356	241,265
Parking fees	269,596	281,073
Donated space	1,549	-
Facility rentals	203,373	139,240
Performing arts	153,968	161,084
Housing program and other income	91,639	487
Total operating revenues	1,230,520	1,078,708
Operating expenses:		
Parking	308,552	298,642
Student programs	55,840	85,971
Performing arts	198,178	203,360
Housing program	118,135	-
Other	29,989	23,729
Donated services	1,549	-
Management and general	101,154	45,081
Depreciation	19,153	19,685
Total operating expenses	832,550	676,468
Income from operations	397,970	402,240
Nonoperating (expenses and losses) revenues:		
Investment (losses) returns	(71,353)	(42,030)
Other income	7,057	71
College support	(495,890)	(518,711)
Total nonoperating expenses and losses	(560,186)	(560,670)
Decrease in net assets	(162,216)	(158,430)
Net assets, beginning of year	999,877	1,158,307
Net assets, end of year	\$ 837,661	\$ 999,877

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2009, with comparative information for 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 260,941	\$ 243,824
Cafeteria and vending commissions	288,406	249,812
Facility rentals	203,433	141,080
Parking fees	269,821	279,453
Other	230,902	133,818
Cash payments to/for:		
Salaries and employee benefits	(231,591)	(59,285)
Vendors	10,140	(11,890)
Other	<u>(556,312)</u>	<u>(534,917)</u>
Net cash provided by operating activities	<u>475,740</u>	<u>441,895</u>
Cash flows from noncapital financing activities:		
Change in deposits held in custody for others	8,008	(37,847)
Proceeds from security deposits	(8,268)	-
College support	<u>(495,890)</u>	<u>(518,711)</u>
Net cash used in noncapital financing activities	<u>(496,150)</u>	<u>(556,558)</u>
Cash flows from capital and related financing activities - capital assets acquired	<u>-</u>	<u>(1,504)</u>
Cash flows from investing activities:		
Interest received	2,068	2,875
Other received	<u>7,057</u>	<u>71</u>
Net cash provided by investing activities	<u>9,125</u>	<u>2,946</u>
Net decrease in cash and cash equivalents	(11,285)	(113,221)
Cash and cash equivalents, beginning of year	<u>401,708</u>	<u>514,929</u>
Cash and cash equivalents, end of year	<u>\$ 390,423</u>	<u>\$ 401,708</u>

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

STATEMENT OF CASH FLOWS (continued)

For the year ended June 30, 2009, with comparative information for 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	\$ 397,970	\$ 402,240
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	19,153	19,685
Changes in assets and liabilities:		
Decrease in accounts receivable	33,738	(30,721)
(Increase) decrease in prepaid expenses and other assets	(14,136)	10,392
Increase in accounts payable and accrued expenses	<u>39,015</u>	<u>40,299</u>
Net cash provided by operating activities	<u>\$ 475,740</u>	<u>\$ 441,895</u>

The accompanying notes are an integral part of this statement.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2009

NOTE A - NATURE OF ORGANIZATION

The Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc. (the "Auxiliary") is a not-for-profit corporation organized to support certain student activities and provide facilities and auxiliary services for the benefit of the campus of Herbert H. Lehman College (the "College") of the City University of New York ("CUNY" or the "University").

The Auxiliary has been classified by the Internal Revenue Service as a Section 501(c)(3) organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America, applicable Government Accounting Standards Board ("GASB") pronouncements, as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those requirements conflict with or contradict GASB pronouncements.

For financial reporting purposes, the Auxiliary is considered to be a special-purpose government 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 accounting principles generally accepted in the United States of America, as prescribed by GASB. For financial reporting purposes, the Auxiliary is also considered to be a component unit of the University, as defined by GASB.

The significant GASB standards followed by the Auxiliary are summarized below:

GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments." This statement establishes the presentation format for general-purpose governments and requires that the financial statements consist of management's discussion and analysis, basic financial statements and required supplementary information.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2009

NOTE B (continued)

GASB Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities." This statement establishes accounting and financial reporting standards for public colleges and universities and their component units within the financial reporting guidelines of GASB Statement No. 34. In accordance with this statement, the Auxiliary presents a statement of net assets; a statement of revenues, expenses and changes in net assets; and a statement of cash flows. The objectives of this statement are to enhance the understandability and usefulness of the external reports issued by public colleges and universities and their component units.

GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus." Among other things, this statement clarifies the minimum requirements of Management's Discussion and Analysis and eliminates the requirement to capitalize construction-period interest for governmental activities as promulgated by GASB Statement No. 34. GASB Statement No. 37 was implemented simultaneously with GASB Statement No. 34.

GASB Statement No. 38, "Certain Financial Statement Note Disclosures." Among other things, this statement establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions and disaggregation of receivable and payable balances. GASB Statement No. 38 was implemented simultaneously with GASB Statement No. 34.

The Auxiliary adopted GASB Statements No. 34, 35, 37, and 38 effective July 1, 2001.

During fiscal year 2005, the Auxiliary adopted GASB Statement No. 40, "Deposits and Investment Risk Disclosures." This statement establishes and modifies disclosure requirements related to the following investment and deposit risks:

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- Custodial credit risk:
 - Deposits - risk that, in the event of failure of a depository financial institution, the Auxiliary will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.
 - Investments - risk that, in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the entity) of a transaction, the Auxiliary will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2009

NOTE B (continued)

- Concentration of credit risk is the risk of loss attributed to the magnitude of the Auxiliary's investment in a single issuer.
- Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair market value of the investment.
- Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit.

1. Net Assets

The Auxiliary's resources are classified into the following net asset categories:

Invested 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 - nonexpendable: net assets subject to externally imposed stipulations requiring the Auxiliary to maintain them in perpetuity.

Restricted - expendable: net assets whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Auxiliary or the passage of time.

Unrestricted: all other net assets, including net assets designated by actions of the Auxiliary's board.

At June 30, 2009, the Auxiliary had no restricted net assets.

2. Cash and Cash Equivalents

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

3. Investments

Investments are recorded at fair value and consist of pooled investments, which are assets invested by and under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the "CUNY Committee"). Investment returns, including gains and losses, and interest and dividends, if any, are reported in the accompanying statement of revenues, expenses and changes in net assets.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2009

NOTE B (continued)

4. Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at date of contribution, if donated. In accordance with the Auxiliary'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 \$1,000 or more for computer hardware and \$5,000 or more for all other assets. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful life of parking improvements and equipment is five years.

5. Revenue Recognition

Operating revenues are primarily derived from agreements with certain unrelated organizations to provide the College with bookstore and cafeteria services, and fees charged for the use of parking, facility rentals and the performing arts center, and are recognized when earned.

Bookstore commissions represent income earned under a contract with an unrelated organization to operate and maintain the campus bookstore. The bookstore provides the Auxiliary with annual commissions equal to the greater of \$30,000, or an amount based on a percentage of the unrelated organization's sales at the campus bookstore.

Cafeteria and vending commissions represent income earned under contracts with unrelated organizations for the sale of food and nonalcoholic beverages on the College's premises. The terms of these contracts, which expire on July 31, 2009, and September 10, 2012, respectively, provide the Auxiliary with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of sales on the College's premises.

6. Donated Space

The Auxiliary operates on the campus of the College and utilizes facilities and equipment. The cost savings associated with such arrangements are recorded as donated space and are recognized as revenues and expenses in the accompanying statement of revenues, expenses and changes in net assets, based on the fair value of services received (see Note F).

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2009

NOTE B (continued)

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk of deposits is the risk that in the event of a bank failure, the Auxiliary's deposits may not be returned. At June 30, 2009, \$210,378 of the Auxiliary's bank balance of \$460,378 was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Auxiliary does not have a deposit policy.

Custodial Credit Risk - Investments

Custodial credit risk as it relates to investments is the risk that, in the event of failure of the counterparty of a transaction, the Auxiliary will not be able to recover the value of its investments or collateral securities that are in the possession of that failed counterparty. At June 30, 2009, the Auxiliary's entire investments balance of \$363,586 was held in the CUNY Investment Pool and exposed to custodial credit risk, as it was uninsured and uncollateralized.

The Auxiliary's investments are held by CUNY in an investment pool which is under the control of the Committee on Fiscal Affairs of the Board of Trustees of CUNY (the "Committee"). Several investment advisory firms are engaged to assist the Committee in its investment pool portfolio management, which is comprised of cash and cash equivalents, corporate bonds, equities, mutual funds, commingled funds, U.S. agency mortgage-backed securities, asset-backed securities, short-term Treasury bills, U.S. government bonds and foreign bonds.

Herbert H. Lehman College Auxiliary Enterprise Corporation, Inc.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended June 30, 2009

NOTE D - CAPITAL ASSETS, NET

At June 30, 2009, capital assets consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment	\$ 226,884	\$ -	\$ (13,943)	\$ 212,941
Parking lot improvements	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
	411,884	-	(13,943)	397,941
Less: Accumulated depreciation	<u>(360,756)</u>	<u>(19,153)</u>	<u>13,943</u>	<u>(365,966)</u>
	<u>\$ 51,128</u>	<u>\$ (19,153)</u>	<u>\$ -</u>	<u>\$ 31,975</u>

NOTE E - DEPOSITS HELD IN CUSTODY FOR OTHERS

Deposits held in custody for others consist of funds which are held by the Auxiliary on behalf of certain groups and organizations related to the College.

NOTE F - DONATED SPACE

The Auxiliary is permitted free use of certain facilities provided by the College. For the year ended June 30, 2009, the estimated fair value of the donated space used solely by the Auxiliary totaled \$1,549. Such donated space is included in revenues and expenses in the accompanying statement of revenues, expenses and changes in net assets. The value of facilities shared between the Auxiliary and other College entities cannot be reasonably estimated and therefore does not meet the criteria for recognition under US GAAP. Accordingly, such amounts are not recorded in the accompanying financial statements.

NOTE G - SUBSEQUENT EVENTS

The Auxiliary evaluated its June 30, 2009 financial statements for subsequent events through March 19, 2010, the date of the financial statements were available to be issued. The Auxiliary is not aware of any subsequent events which would require recognition or disclosure in the financial statements.