

THE LEHMAN COLLEGE ART GALLERY, INC.

Financial Statements
for year ended
June 30, 1998



PANNELL
KERR
FORSTER PC

Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors
The Lehman College Art Gallery, Inc.

We have audited the accompanying balance sheet of the Lehman College Art Gallery, Inc. as of June 30, 1998 and 1997, and the related statements of revenues and expenditures of the general fund, changes in fund balances and cash flows of the general fund for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Lehman College Art Gallery, Inc. at June 30, 1998 and 1997, and the results of its operations and its cash flows of the general fund for the years then ended in conformity with generally accepted accounting principles.

Pannell Kerr Forster PC

August 7, 1998

THE LEHMAN COLLEGE ART GALLERY, INC.

Balance Sheet

Liabilities and Fund Balances

Assets

General Fund

	June 30	June 30
	1998	1997
Cash	\$ 98,356	\$ 52,580
Receivable	-	5,000
Prepaid expenses	620	762
Total assets	\$ 99,976	\$ 58,342
Liabilities		
Accounts payable and accrued expenses	\$ 1,928	\$ 8,785
Due to the Research Foundation of The City University of New York	57,278	96,110
Deferred revenue	29,250	5,000
Total liabilities	88,456	47,895
Fund balance	10,522	10,447
Total liabilities and fund balance	\$ 98,978	\$ 58,342

Edith and Herbert Lehman
Endowment Fund

Cash	\$ 25,000	\$ 25,000
Fund balance	\$ 25,000	\$ 25,000

Robert Lehman
Endowment Fund

Cash	\$ 50,000	\$ 50,000
Fund balance	\$ 50,000	\$ 50,000

See notes to financial statements

THE LEHMAN COLLEGE ART GALLERY, INC.

Statement of Revenues and Expenditures of the General Fund

	Year Ended	
	June 30	
	1998	1997
Revenues		
Allocation from the Research Foundation of The City University of New York (note 2)	\$ 50,000	\$ 35,000
Allocation from the Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc. (note 2)	22,500	22,500
Public support	35,350	27,850
Corporate donations	21,900	11,000
Foundations	26,000	49,500
Memberships and general donations	1,528	11,772
Interest and dividends	5,875	5,158
Krasdale Gallery	21,250	21,420
District 9	33,127	12,152
Institute of Museum and Library Services Grant	23,775	4,688
Other	481	7,027
Total revenues	241,786	208,067
Expenditures		
Payroll and related (note 5)	165,427	157,042
Exhibition	23,158	10,076
Education	18,756	21,142
Security	8,944	3,696
Insurance	2,330	2,555
Mail	2,730	1,123
Professional fees	4,235	4,115
Miscellaneous	5,016	3,143
Krasdale Gallery	5,229	1,884
Districts 9 and 10	5,906	-
Total expenditures	241,731	204,776
Excess of revenues over expenditures	\$ 55	\$ 3,291

See notes to financial statements

THE LEHMAN COLLEGE ART GALLERY, INC.

Statement of Changes in Fund Balances

	<u>General Fund</u>	<u>Edith and Herbert Lehman Endowment Fund (note 3)</u>	<u>Robert Lehman Endowment Fund (note 4)</u>	<u>Total</u>
Fund balances - June 30, 1996	\$ 7,176	\$ 25,000	\$ 50,000	\$ 82,176
Excess of revenues over expenditures	<u>3,291</u>	<u>-</u>	<u>-</u>	<u>3,291</u>
Fund balances - June 30, 1997	10,467	25,000	50,000	85,467
Excess of revenues over expenditures	<u>55</u>	<u>-</u>	<u>-</u>	<u>55</u>
Fund balances - June 30, 1998	<u>\$ 10,522</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 85,522</u>

See notes to financial statements

THE LEHMAN COLLEGE ART GALLERY, INC.

Statement of Cash Flows of the General Fund

	Year Ended	
	June 30	
	1998	1997
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 55	\$ 3,291
Adjustments to reconcile excess of revenues over expenditures to net cash provided (used) by operating activities		
Changes in certain activities		
Receivable	5,000	(5,000)
Prepaid expenses	162	2,000
Accounts payable and accrued expenses	(4,857)	(2,060)
Due to the Research Foundation of The City University of New York	21,168	(35,688)
Deferred revenue	24,250	(35,000)
Total adjustments	45,723	(75,748)
Net cash provided (used) by operating activities	45,778	(72,457)
Cash, beginning of year	52,580	125,037
Cash, end of year	\$ 98,358	\$ 52,580

See notes to financial statements

THE LEHMAN COLLEGE ART GALLERY, INC.**Notes to Financial Statements
June 30, 1998****Note 1 - Organization**

On April 28, 1986, the Board of Trustees of the City University of New York authorized the incorporation of the Lehman College Art Gallery, Inc. (Corporation) pursuant to the provisions of section 216 of the Education Law and section 404, subdivision (d) of the Not-for-Profit Corporation Law of the State of New York. The purpose of the Corporation is to encourage and promote the creation of the visual arts; and to plan, develop, and promote cultural and educational activities among the students and faculty of Herbert H. Lehman College (the College) and the residents of the Greater New York Metropolitan Area. The financial statements are an integral part of the City University of New York.

The Corporation was organized exclusively for charitable and educational purposes and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Significant accounting policies**Revenue**

The Corporation derives revenues mainly from contributions from members and other sources. Annual allocations of \$50,000 and \$35,000 for Art Gallery salaries were made from the Research Foundation of The City University of New York in 1998 and 1997, respectively. Allocations from the Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc. (Auxiliary Enterprises) were made to cover certain operating expenses. These amounts totaled \$22,500 in each of 1998 and 1997 and included \$2,500 from the Auxiliary Enterprises campus ceremonies. Deferred revenues represent funds received in advance which are designated for future art shows.

Note 3 - Edith and Herbert Lehman Endowment Fund

In November 1985, the Corporation received \$25,000 representing a gift from the Edith and Herbert Lehman Foundation, Inc. to establish an endowment fund for the Lehman College Art Gallery, Inc. This grant is to be held intact and only the income will be used for the gallery.

Note 4 - Robert Lehman Endowment Fund

In April 1986, the Corporation received \$50,000 representing a gift from the Robert Lehman Foundation, Inc. to be held in perpetuity in a separate fund named "Robert Lehman Endowment Fund of the Herbert H. Lehman College Art Gallery". Income earned on the fund principal shall be applied solely for the expenses of special exhibitions in the Art Gallery or, with the permission of the Foundation, to the support of the educational activities of the College in the field of visual arts.

Note 5 - Payroll and related

The Corporation's payroll and benefits are paid directly by the Research Foundation of The City University of New York and are reimbursed by the Corporation. The Research Foundation receives a 7-1/4% fee for managing the Corporation's payroll. Fees earned for 1998 and 1997 totaled \$7,802 and \$9,471, respectively.