

THE LEHMAN COLLEGE ART GALLERY, INC.

Financial Statements  
for year ended  
June 30, 2002



Certified Public Accountants  
A Professional Corporation

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**Member of PKF International Limited**

Independent Auditor's Report

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

We have audited the accompanying statement of financial position of the Lehman College Art Gallery, Inc. as of June 30, 2002 and 2001, and the related statements of revenues and expenses - general fund, changes in net assets and cash flows - 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 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 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, 2002 and 2001, and the revenues and expenses of the general fund and changes in net assets and cash flows of the general fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants  
A Professional Corporation

September 9, 2002

THE LEHMAN COLLEGE ART GALLERY, INC.

Statement of Financial Position

	General Fund		Edith and Herbert Lehman Endowment Fund		Robert Lehman Endowment Fund	
	2002	June 30 2001	2002	June 30 2001	2002	June 30 2001
Assets						
Cash	\$ 82,274	\$ 133,453	\$ -	\$ -	\$ -	\$ -
Investments, at fair value, cost (\$117,469 in 2002 and \$110,437 in 2001) (note 2)	115,941	107,439	-	-	-	-
Accounts receivable	10,000	-	-	-	-	-
Accrued interest receivable	1,627	1,664	-	-	-	-
Prepaid expenses (note 5)	4,417	56,116	-	-	-	-
Due from General Fund	-	-	25,000	25,000	50,000	50,000
<b>Total assets</b>	<b>\$ 214,259</b>	<b>\$ 298,672</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
Liabilities and net assets						
Liabilities						
Accounts payable and accrued expenses	\$ 5,729	\$ 17,645	\$ -	\$ -	\$ -	\$ -
Due to the Research Foundation of The City University of New York	-	43,747	-	-	-	-
Due to Endowment Funds	75,000	75,000	-	-	-	-
Deferred revenue	22,125	58,425	-	-	-	-
<b>Total liabilities</b>	<b>102,854</b>	<b>194,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>111,405</b>	<b>103,855</b>	<b>25,000</b>	<b>25,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Total liabilities and net assets</b>	<b>\$ 214,259</b>	<b>\$ 298,672</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>

See notes to financial statements

## THE LEHMAN COLLEGE ART GALLERY, INC.

## Statement of Revenues and Expenses - General Fund

	Year Ended June 30	
	2002	2001
<b>Revenues</b>		
Allocation from Lehman College Grant Overhead Account (note 2)	\$ 63,000	\$ 60,000
Allocation from the Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc. (note 2)	13,000	13,000
Art in Education	45,490	58,120
National Endowment for the Humanities	44,890	26,605
Foundations	36,000	23,500
Institute of Museum and Library Services Grant	29,225	35,700
Corporate donations	13,450	10,700
New York State Council of the Arts	13,125	47,000
Interest	7,872	9,416
Memberships and general donations	7,061	4,900
New York City Department of Cultural Affairs	6,890	18,720
Bronx Council of the Arts	2,625	3,125
Unrealized gain (loss) on investments (note 2)	1,470	(2,998)
Other	7,170	5,497
<b>Total revenues</b>	<u>291,268</u>	<u>313,285</u>
<b>Expenses</b>		
Payroll and related (note 5)	227,735	202,537
Exhibition	18,438	14,895
Security	10,228	10,158
Education	8,677	28,903
Professional fees	6,946	6,475
Mail	3,037	2,032
Equipment	2,626	2,267
Insurance	2,483	2,272
Miscellaneous	3,548	8,063
<b>Total expenses</b>	<u>283,718</u>	<u>277,602</u>
<b>Excess of revenues over expenses</b>	<u>\$ 7,550</u>	<u>\$ 35,683</u>

See notes to financial statements

## THE LEHMAN COLLEGE ART GALLERY, INC.

## Statement of Changes in Net Assets

	General Fund	Edith and Herbert Lehman Endowment Fund (note 3)	Robert Lehman Endowment Fund (note 4)
	<u>          </u>	<u>          </u>	<u>          </u>
Net assets- June 30, 2000	\$ 68,172	\$ 25,000	\$ 50,000
Excess of revenues over expenses	<u>35,683</u>	<u>-</u>	<u>-</u>
Net assets- June 30, 2001	103,855	25,000	50,000
Excess of revenues over expenses	<u>7,550</u>	<u>-</u>	<u>-</u>
Net assets- June 30, 2002	<u>\$ 111,405</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>

See notes to financial statements

## THE LEHMAN COLLEGE ART GALLERY, INC.

## Statement of Cash Flows - General Fund

	Year Ended June 30	
	2002	2001
Cash flows from operating activities		
Excess of revenues over expenses	\$ 7,550	\$ 35,683
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities		
Unrealized (gain) loss on investments	(1,470)	2,998
Changes in certain accounts		
Receivables	(9,963)	(210)
Prepaid expenses	51,699	(16,585)
Accounts payable and accrued expenses	(11,916)	14,313
Due to the Research Foundation of The City University of New York	(43,747)	4,505
Deferred revenue	(36,300)	2,555
Total adjustments	<u>(51,697)</u>	<u>7,576</u>
Net cash provided (used) by operating activities	(44,147)	43,259
Cash flows (used) by investing activities		
Investment purchases - net	<u>(7,032)</u>	<u>(21,889)</u>
Increase (decrease) in cash	(51,179)	21,370
Cash, beginning of year	<u>133,453</u>	<u>112,083</u>
Cash, end of year	<u>\$ 82,274</u>	<u>\$ 133,453</u>

See notes to financial statements

## THE LEHMAN COLLEGE ART GALLERY, INC.

Notes to Financial Statements  
June 30, 2002

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. (the "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 policiesInvestments

The Corporation reports the carrying value of its investments at their fair value. Following is a summary of the Corporation's investments at June 30, 2002:

	<u>Fair Value</u>	<u>Cost</u>
Bristol-Myers Squibb note 4.750% due 10/1/06	\$ 10,026	\$ 10,225
Federal Home Loan Mortgage notes		
6.000% due 04/15/11	9,019	9,000
6.250% due 11/14/16	7,814	8,223
6.000% due 2/15/17	5,889	6,000
Federal National Mortgage Association note 5.000% due 11/6/09	8,885	9,000
General Electric Capital Corp. note		
6.520% due 10/08/02	1,012	1,028
6.810% due 11/03/03	10,535	10,513
7.250% due 05/03/04	8,578	8,537
6.800% due 11/01/05	9,710	9,630
6.875% due 11/15/10	9,641	9,844
Merck & Co. Inc. Global note 5.250% due 7/1/06	9,238	9,596
Secured Finance Incorporated Senior Bond 9.050% due 12/15/04	1,120	1,118
United Parcel Service note 5.750% due 10/15/16	14,664	15,000
United States Treasury note 6.125% due 08/15/07	9,810	9,755
Total	<u>\$ 115,941</u>	<u>\$ 117,469</u>

## THE LEHMAN COLLEGE ART GALLERY, INC.

Notes to Financial Statements (continued)  
June 30, 2002Revenue

The Corporation derives revenues mainly from contributions from members and other sources. Annual allocations of \$63,000 and \$60,000 for fiscal years 2002 and 2001, respectively, for Art Gallery salaries were made from the Lehman College Grant Overhead Account. Allocations from the Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc. ("Auxiliary Enterprises") were made to cover certain operating expenses. These amounts totaled \$13,000 in each of the fiscal years 2002 and 2001 and included \$3,000 per year from the Auxiliary Enterprises Campus Ceremonies and Functions account. Deferred revenues represent funds received in advance which are designated for future art shows.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and the revenues and expenditures recognized during the reporting period. Actual results could differ from those estimates.

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. At June 30, 2001, prepaid expenses in the accompanying balance sheet, includes \$3,474 paid to the Research Foundation applicable to the first quarter of fiscal 2003 payroll and benefits. In addition, the Research Foundation received a 7-3/4% fee in 2002 and 7-1/4 fee in 2001 for managing the Corporation's payroll. Fees earned for fiscal 2002 and 2001 totaled \$16,298 and \$13,691, respectively.