

THE LEHMAN COLLEGE ART GALLERY, INC.

Financial Statements  
for year ended  
June 30, 2004



Certified Public Accountants  
A Professional Corporation

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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, 2004 and 2003, 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, 2004 and 2003, 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 28, 2004

THE LEHMAN COLLEGE ART GALLERY, INC.

Statement of Financial Position

	General Fund		Edith and Herbert Lehman Endowment Fund		Robert Lehman Endowment Fund	
	2004	2003	2004	2003	2004	2003
Assets						
Cash	\$ 127,814	\$ 108,860	\$ -	\$ -	\$ -	\$ -
Investments, at fair value (cost \$128,233 in 2004 and \$121,291 in 2003) (note 2)	125,978	123,807	-	-	-	-
Accounts receivable	31,825	15,950	-	-	-	-
Accrued interest receivable	1,527	1,722	-	-	-	-
Prepaid expenses (note 5)	57,560	56,409	-	-	-	-
Due from General Fund	-	-	25,000	25,000	50,000	50,000
<b>Total assets</b>	<b>\$ 344,704</b>	<b>\$ 306,748</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 Due to the Research Foundation of The City University of New York	\$ 7,036	\$ 12,401	\$ -	\$ -	\$ -	\$ -
Due to Endowment Funds	-	8,820	-	-	-	-
Deferred revenue	75,000	75,000	-	-	-	-
<b>Total liabilities</b>	<b>157,848</b>	<b>81,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>186,856</b>	<b>129,027</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>\$ 344,704</b>	<b>\$ 306,748</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	
	2004	2003
<b>Revenues</b>		
Allocation from Lehman College Grant Overhead Account (note 2)	\$ 63,822	\$ 65,000
Allocation from the Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc. (note 2)	13,000	13,000
Art in Education	54,775	108,857
Bronx Council of the Arts	5,930	11,370
Bronx High School for the Visual Arts	30,000	12,000
Corporate donations	10,250	14,000
Foundations	16,500	32,500
Institute of Museum Services	42,000	10,500
Interest	6,681	6,664
Membership and general donations	8,213	12,050
National Endowment for the Arts	25,000	10,000
National Endowment for the Humanities	23,000	5,750
New York City Department of Cultural Affairs	13,500	17,890
New York Council for the Humanities	7,500	-
New York State Council of the Arts	28,400	34,625
Unrealized gain (loss) on investments (note 2)	(4,771)	4,044
Other	486	700
<b>Total revenues</b>	<b>344,286</b>	<b>358,950</b>
<b>Expenses</b>		
Payroll and related (note 5)	212,069	231,560
Exhibitions	20,810	41,639
Education	23,367	21,927
Membership events	1,255	12,856
Security	8,596	10,337
Professional fees	7,675	7,525
Postage	2,795	4,381
Insurance	3,931	3,081
Office supplies	2,590	2,978
Miscellaneous	3,369	5,044
<b>Total expenses</b>	<b>286,457</b>	<b>341,328</b>
<b>Excess of revenues over expenses</b>	<b>\$ 57,829</b>	<b>\$ 17,622</b>

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)
Net assets - June 30, 2002	\$ 111,405	\$ 25,000	\$ 50,000
Excess of revenues over expenses	<u>17,622</u>	<u>-</u>	<u>-</u>
Net assets - June 30, 2003	129,027	25,000	50,000
Excess of revenues over expenses	<u>57,829</u>	<u>-</u>	<u>-</u>
Net assets - June 30, 2004	<u>\$ 186,856</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	
	2004	2003
Cash flows from operating activities		
Excess of revenues over expenses	\$ 57,829	\$ 17,622
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities		
Unrealized (gain) loss on investments	4,771	(4,044)
Changes in certain accounts		
Receivables	(15,680)	(6,045)
Prepaid expenses	(1,151)	(51,992)
Accounts payable and accrued expenses	(5,365)	6,672
Due to the Research Foundation of The City University of New York	(8,820)	8,820
Deferred revenue	(5,688)	59,375
Total adjustments	<u>(31,933)</u>	<u>12,786</u>
Net cash provided by operating activities	25,896	30,408
Cash flows (used) by investing activities		
Investment purchases - net	<u>(6,942)</u>	<u>(3,822)</u>
Increase in cash	18,954	26,586
Cash, beginning of year	<u>108,860</u>	<u>82,274</u>
Cash, end of year	\$ <u>127,814</u>	\$ <u>108,860</u>

See notes to financial statements

THE LEHMAN COLLEGE ART GALLERY, INC.

Notes to Financial Statements  
June 30, 2004

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 policies

Investments

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, 2004:

	<u>Fair Value</u>	<u>Cost</u>
Bristol-Myers Squibb note 4.750% due 10/1/06	\$ 10,303	\$ 10,225
Federal Home Loan Mortgage notes 4.000% due 01/15/13	14,648	15,038
4.550% due 03/15/18	6,414	7,035
General Electric Capital Corp. notes 6.800% due 11/01/05	9,484	9,630
6.875% due 11/15/10	10,028	9,844
John Hancock Life Ins. Co. Signature notes 4.040% due 1/15/14	14,503	15,000
Merck & Co. Inc. Global note 5.250% due 7/1/06	9,400	9,596
Secured Finance Incorporated Senior Bond 9.050% due 12/15/04	1,025	1,119
Tennessee Valley Authority note 3.050% due 01/15/08	14,637	15,000
United Parcel Service note 5.750% due 10/15/16	15,002	15,000
United States Treasury note 6.125% due 08/15/07	9,765	9,755
5.500% due 5/15/09	10,769	10,991
Total	<u>\$ 125,978</u>	<u>\$ 128,233</u>

## THE LEHMAN COLLEGE ART GALLERY, INC.

Notes to Financial Statements (continued)  
June 30, 2004

Revenue

The Corporation derives revenues mainly from contributions from members and other sources. Annual allocations of \$63,822 and \$65,000 for fiscal years 2004 and 2003, 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 2004 and 2003 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, 2004 and 2003, prepaid expenses in the accompanying statement of financial position, includes \$56,062 and \$55,463, respectively, paid to the Research Foundation applicable to portions of fiscal 2005 and 2004 payroll and benefits. In addition, the Research Foundation received 7-3/4% fees in 2004 and 2003 for managing the Corporation's payroll. Fees earned for fiscal 2004 and 2003 totaled \$11,297 and \$16,664, respectively.

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