

**STUDENT CHILD CARE CENTER
AT LEHMAN COLLEGE, INC.**

Financial Statements
for year ended
June 30, 2000



PANNELL
KERR
FORSTER PC

Certified Public Accountants

420 Lexington Avenue
New York, NY 10170

Telephone (212) 867-8000
Telefax (212) 687-4346

Independent Auditor's Report

To the Board of Directors
Student Child Care Center at Lehman College, Inc.

We have audited the accompanying balance sheet of the Student Child Care Center at Lehman College, Inc. as of June 30, 2000 and 1999, and the related statements of unrestricted revenues and expenditures, changes in fund balances and cash flows 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.

Except as discussed in the following paragraph, 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.

We were not able to audit the investment account share in the City University of New York Investment Pool representing 24% and 33% of total assets at June 30, 2000 and 1999, respectively.

In our opinion, except for the effects on the financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the share in the City University of New York Investment Pool described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Student Child Care Center at Lehman College, Inc. at June 30, 2000 and 1999, and the unrestricted revenues and expenditures and changes in fund balances and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Pannell Kerr Forster PC

August 30, 2000

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Balance Sheet

Assets

	June 30	
	2000	1999
Cash - checking account	\$ 98,462	\$ 87,984
Investment - share in the City University of New York Investment Pool, at market value (cost: \$134,033 in 2000 and \$116,781 in 1999) (note 2)	124,072	113,993
Accounts receivable		
Federal grant program (note 3)	176,795	64,168
Funding from New York State	42,020	-
	<u>218,815</u>	<u>64,168</u>
Leasehold improvements - at cost (note 2)	80,840	80,840
Accumulated amortization	(80,840)	(79,488)
	<u>-</u>	<u>1,352</u>
Plant assets - at cost (note 2)		
Furniture and equipment	72,742	73,738
	<u>72,742</u>	<u>73,738</u>
Total assets	\$ 514,091	\$ 341,235

Liabilities and Fund Balances

Liabilities		
Accounts payable	\$ -	\$ 1,221
Due to Innovative Learning Center, Inc.	30,467	24,804
Deferred grant revenue	11,486	-
Total liabilities	<u>41,953</u>	<u>26,025</u>
Fund balances	<u>472,138</u>	<u>315,210</u>
Total liabilities and fund balances	\$ 514,091	\$ 341,235

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Statement of Unrestricted Revenues and Expenditures

	Year Ended June 30	
	2000	1999
Revenues		
Child care fees	\$ 64,019	\$ 43,715
Federal child care fee subsidies (note 3)	175,521	94,276
Funding from the State of New York (note 2)	168,170	112,700
Interest and dividends	2,756	2,541
Realized gains on investments	15,294	13,905
Net (decrease) in fair value of investment pool	(7,173)	(2,596)
Total revenues	<u>418,587</u>	<u>264,541</u>
Expenditures		
Child care services	252,435	233,755
Amortization of leasehold improvements	1,352	1,354
Professional fees	4,947	4,950
Other	1,929	4,746
Total expenditures	<u>260,663</u>	<u>244,805</u>
Excess of revenues over expenditures	<u>\$ 157,924</u>	<u>\$ 19,736</u>

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Statement of Changes in Fund Balances

	<u>Unrestricted</u>	<u>Designated</u> (Note 4)	<u>Physical</u> <u>Plant</u>	<u>Total</u>
Balance, June 30, 1998	\$ 137,063	\$ 93,453	\$ 91,093	\$ 321,609
Excess of revenue over expenditures	19,736	-	-	19,736
Amortization of leasehold improvements	1,354	-	(1,354)	-
Expenditures for capital improvements	(11,486)	-	11,486	-
Retirement of plant assets	-	-	(26,135)	(26,135)
Balance, June 30, 1999	146,667	93,453	75,090	315,210
Excess of revenues over expenditures	157,924	-	-	157,924
Amortization of leasehold improvements	1,352	-	(1,352)	-
Retirement of plant assets	-	-	(996)	(996)
Balance, June 30, 2000	<u>\$ 305,943</u>	<u>\$ 93,453</u>	<u>\$ 72,742</u>	<u>\$ 472,138</u>

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Statement of Cash Flows

	Year Ended June 30	
	2000	1999
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 157,924	\$ 19,736
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities		
Amortization of leasehold improvements	1,352	1,354
Investment Pool income	(17,252)	(16,152)
Net decrease in the fair value of Investment Pool	7,173	2,596
Changes in certain other accounts		
Accounts receivable	(154,647)	33,609
Due to Innovative Learning Center, Inc.	5,663	(19,774)
Accounts payable	(1,221)	1,221
Deferred grant revenue	11,486	-
Total adjustments	(147,446)	2,854
Net cash provided by operating activities	10,478	22,590
Cash flows (used) by capital financing activities		
Capital expenditures	-	(11,486)
Increase in cash	10,478	11,104
Cash, at beginning of year	87,984	76,880
Cash, at end of year	\$ 98,462	\$ 87,984

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Notes to Financial Statements
June 30, 2000Note 1 - Organization

The Student Child Care Center at Lehman College, Inc. (the Corporation) was organized to operate within the bylaws, policies and regulations of the City University of New York and the policies, regulations and orders of Herbert H. Lehman College (the College). The financial statements are an integral part of the City University of New York. The purpose of the Corporation is to provide an educational and development program for children of registered degree students at the College during times of regularly scheduled college classroom instruction in order that students with child care responsibilities may pursue their educational programs at the College.

The Corporation was organized exclusively for charitable, educational and scientific 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 policiesRevenue

The Corporation derives a portion of its revenue from fees billed to students whose children are provided day care services. The Corporation also received \$168,170 and \$112,700 in the fiscal years 2000 and 1999, respectively, from the State of New York through tax levy appropriations for the provision of child care services at senior and community colleges.

Leasehold improvements

Amortization of the leasehold improvements has been provided over estimated useful lives of 5 years. At June 30, 2000, fully amortized leasehold improvements were still in service.

Plant assets

Depreciation of the furniture and equipment is not being provided. Furniture and equipment will be written off upon disposition. During fiscal year 2000 the Corporation disposed of \$996 of assets purchased prior to fiscal 1995.

Investment

The Corporation's investment share in the City University of New York Investment Pool is accounted for at market value.

Note 3 - Federal child care grants

The City University of New York is eligible to receive a portion of Child Care Federal Funds (previously known as the Child Care Development Fund) for the purpose of increasing the availability, affordability and quality of child care. The grant is intended to provide funding to all functions and support services that are traditionally associated with child care programs and to facilitate the expansion of child care to student parents.

The Corporation's allocations of grant funds for fiscal years ended 2000 and 1999 were \$175,521 and \$94,276, respectively, which represent tuition subsidies of eligible students and are reflected in the statement of unrestricted revenues and expenditures.

Note 4 - Board designated fund

In fiscal 1991, the Board of Directors of the Corporation designated \$100,000 of unrestricted funds as a reserve for expansion of child care services. The balance of this fund totaled \$93,453 at June 30, 2000 and 1999.