

STUDENT CHILD CARE CENTER
AT LEHMAN COLLEGE, INC.

Financial Statements
for year ended
June 30, 2001



Certified Public Accountants
A Professional Corporation

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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, 2001 and 2000, 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 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.

We were not able to audit the investment account share in the City University of New York Investment Pool representing 17% and 24% of total assets at June 30, 2001 and 2000, 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, 2001 and 2000, and the unrestricted revenues and expenditures and changes in fund balances and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants
A Professional Corporation

August 14, 2001

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Balance Sheet

Assets

| | June 30 | |
|---|-------------------|-------------------|
| | 2001 | 2000 |
| Cash - checking account | \$ 257,423 | \$ 98,462 |
| Investment - share in the City University of New York Investment Pool, at market value (cost: \$132,396 in 2001 and \$134,033 in 2000) (note 2) | 113,841 | 124,072 |
| Accounts receivable | | |
| Federal grant program (note 3) | 175,500 | 176,795 |
| Funding from New York State | 30,884 | 42,020 |
| | <u>206,384</u> | <u>218,815</u> |
| Prepaid expenses | 108 | - |
| Leasehold improvements - at cost (note 2) | 80,840 | 80,840 |
| Accumulated amortization | <u>(80,840)</u> | <u>(80,840)</u> |
| | - | - |
| Plant assets - at cost (note 2) | | |
| Furniture and equipment | 89,420 | 72,742 |
| | <u>89,420</u> | <u>72,742</u> |
| Total assets | <u>\$ 667,176</u> | <u>\$ 514,091</u> |

Liabilities and Fund Balances

| | | |
|---|-------------------|-------------------|
| Liabilities | | |
| Accounts payable | \$ 6,184 | \$ - |
| Due to Innovative Learning Center, Inc. | 61,310 | 30,467 |
| Deferred grant revenue | - | 11,486 |
| Total liabilities | <u>67,494</u> | <u>41,953</u> |
| Fund balances | 599,682 | 472,138 |
| Total liabilities and fund balances | <u>\$ 667,176</u> | <u>\$ 514,091</u> |

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Statement of Unrestricted Revenues and Expenditures

| | Year Ended June 30 | |
|---|-----------------------|-------------------|
| | 2001 | 2000 |
| Revenues | | |
| Child care fees | \$ 48,521 | \$ 64,019 |
| Federal child care fee subsidies (note 3) | 175,500 | 175,521 |
| Funding from the State of New York (note 2) | 190,993 | 168,170 |
| Interest and dividends | 5,110 | 2,756 |
| Realized gains (losses) on investments | (3,886) | 15,294 |
| Net (decrease) in fair value of investment pool | (8,594) | (7,173) |
| Total revenues | <u>407,644</u> | <u>418,587</u> |
| Expenditures | | |
| Child care services | 267,581 | 252,435 |
| Amortization of leasehold improvements | - | 1,352 |
| Professional fees | 5,196 | 4,947 |
| Other | 8,610 | 1,929 |
| Total expenditures | <u>281,387</u> | <u>260,663</u> |
| Excess of revenues over expenditures | <u>\$ 126,257</u> | <u>\$ 157,924</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 Plant</u> | <u>Total</u> |
|--|---------------------|-------------------------------|---------------------------|-------------------|
| 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 | 305,943 | 93,453 | 72,742 | 472,138 |
| Excess of revenues over expenditures | 126,257 | - | - | 126,257 |
| Unrestricted expenditures for capital improvements | (15,391) | - | 15,391 | - |
| Restricted grant award expended for capital improvements | - | - | 11,486 | 11,486 |
| Retirement of plant assets | - | - | (10,199) | (10,199) |
| Balance, June 30, 2001 | <u>\$ 416,809</u> | <u>\$ 93,453</u> | <u>\$ 89,420</u> | <u>\$ 599,682</u> |

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Statement of Cash Flows

| | Year Ended June 30 | |
|--|-----------------------|------------|
| | 2001 | 2000 |
| Cash flows from operating activities | | |
| Excess of revenues over expenditures | \$ 126,257 | \$ 157,924 |
| Adjustments to reconcile excess of revenues over expenditures to net cash provided (used) by operating activities | | |
| Amortization of leasehold improvements | - | 1,352 |
| Investment Pool income | 1,637 | (17,252) |
| Net decrease in the fair value of Investment Pool | 8,594 | 7,173 |
| Changes in certain other accounts | | |
| Accounts receivable | 12,431 | (154,647) |
| Prepaid expenses | (108) | - |
| Due to Innovative Learning Center, Inc. | 30,843 | 5,663 |
| Accounts payable | 6,184 | (1,221) |
| Total adjustments | 59,581 | (158,932) |
| Net cash provided (used) by operating activities | 185,838 | (1,008) |
| Cash flows provided (used) by capital financing activities | | |
| Expenditures for capital improvements | (26,877) | - |
| Restricted grant for capital improvements | - | 11,486 |
| Net cash provided (used) by capital financing activities | (26,877) | 11,486 |
| Increase in cash | 158,961 | 10,478 |
| Cash, at beginning of year | 98,462 | 87,984 |
| Cash, at end of year | \$ 257,423 | \$ 98,462 |

See notes to financial statements

STUDENT CHILD CARE CENTER AT LEHMAN COLLEGE, INC.

Notes to Financial Statements
June 30, 2001

Note 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 \$190,993 and \$168,170 the fiscal years 2001 and 2000, 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, 2001, 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 2001 the Corporation disposed of \$10,198 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 2001 and 2000 were \$175,500 and \$175,521, 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, 2001 and 2000.