

FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
**THE ART STUDENTS LEAGUE OF NEW YORK AND ITS SUBSIDIARY  
THE AMERICAN FINE ARTS SOCIETY, INC.**

For the years ended May 31, 2009 and 2008

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2009 and 2008

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To The Trustees of  
**The Art Students League of New York**

We have audited the accompanying statements of financial position of The Art Students League of New York and its subsidiary The American Fine Arts Society, Inc. (the "League") as of May 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. The financial statement is the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Art Students League of New York as of May 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the League as of and for the year ended May 31, 2009 and 2008 taken as a whole.

The supplementary schedules of functional expenses and the art store and cafeteria operations on pages 15 and 16 are presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

*Manner + Company*

New York, New York  
October 19, 2009

The Art Students League of New York and Subsidiary

**STATEMENTS OF FINANCIAL POSITION**

As of May 31, 2009 and 2008

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 497,989	\$ 1,139,623
Investments	36,919,522	47,617,712
Grants and contributions receivable	513,166	-
Miscellaneous receivable	51,120	37,050
Accrued interest and dividends	50,307	19,445
Prepaid expense:		
Catalogue	66,945	71,919
Insurance	47,636	42,066
Publishing	91,370	91,370
Others	52,495	34,764
Inventories:		
Art store	248,653	175,308
Cafeteria	3,891	3,492
Print portfolio	14,462	14,462
Total current assets	<u>38,557,556</u>	<u>49,247,211</u>
Property and equipment, net	9,215,559	9,343,416
Works of art	<u>216,158</u>	<u>216,158</u>
Total assets	<u>\$ 47,989,273</u>	<u>\$ 58,806,785</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 263,872	\$ 187,877
Deferred revenues	263,683	230,663
Locker deposits	32,087	29,767
Tuition credits	<u>96,307</u>	<u>81,099</u>
Total liabilities	<u>655,949</u>	<u>529,406</u>
Net assets:		
Unrestricted	30,775,871	36,947,595
Temporarily restricted	3,985,731	8,758,062
Permanently restricted	<u>12,571,722</u>	<u>12,571,722</u>
Total net assets	<u>47,333,324</u>	<u>58,277,379</u>
Total liabilities and net assets	<u>\$ 47,989,273</u>	<u>\$ 58,806,785</u>

*The accompanying notes are an integral part of these financial statements.*

The Art Students League of New York and Subsidiary

STATEMENTS OF ACTIVITIES

For the years ended May 31, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Tuition	\$ 3,012,995	\$ -	\$ -	\$ 3,012,995	\$ 3,024,269	\$ -	\$ -	\$ 3,024,269
Contributions	718,773	1,606,307	-	2,325,080	379,291	649,142	-	1,028,433
Donated:								
Services	10,894	-	-	10,894	45,936	-	-	45,936
Fees and other income	351,385	231	-	351,616	283,931	-	-	283,931
Investment income, net	650,963	773,688	-	1,424,651	904,996	559,138	-	1,464,134
Unrealized and realized gains and (losses) on investments, net	(5,114,637)	(6,469,785)	-	(11,584,422)	(1,260,259)	(785,398)	-	(2,045,657)
Other revenue net of expenses:								
Art store	154,097	-	-	154,097	118,482	-	-	118,482
Cafeteria	18,973	-	-	18,973	(10,785)	-	-	(10,785)
Other income:								
Sale of works of art, net	-	4,679	-	4,679	-	19,220	-	19,220
	(196,557)	(4,084,860)	-	(4,281,437)	3,485,861	442,102	-	3,927,963
Net assets released from restrictions	687,451	(687,451)	-	-	144,765	(144,765)	-	-
Total revenues and support	490,894	4,772,331	-	4,281,437	3,630,626	297,337	-	3,927,963
Expenses:								
Program services	5,473,568	-	-	5,473,568	5,125,567	-	-	5,125,567
Supporting services:								
Management and general	936,744	-	-	936,744	741,489	-	-	741,489
Fundraising	252,306	-	-	252,306	227,600	-	-	227,600
Total expenses	6,662,618	-	-	6,662,618	6,094,656	-	-	6,094,656
Change in net assets	(6,171,724)	(4,772,331)	-	(10,944,055)	(2,464,030)	297,337	-	(2,166,693)
Net assets, beginning of year	36,947,595	8,758,062	12,571,722	58,277,379	39,411,626	8,460,724	12,571,722	60,444,072
Net assets, end of year	\$ 30,775,871	\$ 3,985,731	\$ 12,571,722	\$ 47,333,324	\$ 36,947,596	\$ 8,758,061	\$ 12,571,722	\$ 58,277,379

The accompanying notes are an integral part of this financial statements.

The Art Students League of New York and its Subsidiary

**STATEMENTS OF CASH FLOWS**

For the years ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Changes in net assets	\$ (10,944,055)	\$ (2,166,693)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	467,636	417,692
Unrealized (losses) on investments	8,933,929	3,362,691
Changes in operating assets and liabilities:		
(Increase) in grants and contributions receivable	(513,166)	-
(Increase) decrease in miscellaneous receivable	(14,070)	5,279
(Increase) decrease in accrued interest and dividends	(30,862)	8,271
(Increase) in prepaid expenses	(18,327)	(73,677)
(Increase) in inventories	(73,744)	(10,535)
(Increase) decrease in accounts payable and accrued expenses	75,995	(79,488)
Increase (decrease) in deferred revenues	35,340	(17,088)
Increase in other liabilities	15,208	11,404
Net cash (used in) provided by operating activities	<u>(2,066,116)</u>	<u>1,457,856</u>
Cash flows from investing activities:		
Decrease (increase) in investments, net	1,764,261	(673,798)
Purchase of property and equipment	<u>(339,779)</u>	<u>(461,066)</u>
Net cash provided by (used in) investing activities	<u>1,424,482</u>	<u>(1,134,864)</u>
Net (decrease) increase in cash and cash equivalents	(641,634)	322,992
Cash and cash equivalents, beginning of year	<u>1,139,623</u>	<u>816,631</u>
Cash and cash equivalents, end of year	<u>\$ 497,989</u>	<u>\$ 1,139,623</u>

*The accompanying notes are an integral part of this financial statements.*

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2009 and 2008

**NOTE 1 – ORGANIZATION**

The Art Students League of New York and its wholly owned subsidiary, The American Fine Arts Society, (the "League") was formed in 1875 to establish and maintain an academic school of art, which gives instruction in painting, drawing, graphics, sculpture, applied art and illustration.

For Federal income tax purposes, the organization is classified as a 501(c)(3) organization and is exempt under Section 501(a) of the Internal Revenue code and a similar provision of the New York State income tax laws.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement of the League has been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The significant accounting policies are described below.

A. Basis of Presentation

The net assets of the League are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by the donor-imposed stipulations and are available for the general operations of the League.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with the donor stipulations that limit the use of the donated assets. When the donor restriction expires or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by the donor to be held in perpetuity.

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 2 – (continued)**

**B. Principles of Consolidation**

The consolidated financial statements include the accounts of the The Art Students League of New York and its subsidiary The American Fine Arts Society, Inc. (A not for profit organization). The American Fine Arts Society, Inc. ("AFS") is consolidated with the League since the League owns all of the outstanding shares of AFS.

**C. Cash and Cash Equivalents**

The League considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

**D. Investment Policy and Objective**

Investments in equity securities, mutual funds, corporate bonds, and other investments are measured at fair value in the accompanying statements of financial position. Realized gains and losses (net of investment expenses) and unrealized gains and losses are reported in the statements of activities as an increases or decreases in net assets.

The League's primary investment objective is to maximize total return with minimal risk. The stated goal is to preserve capital that is intended for the League's charitable mission while generating cash flow to support current operations.

**E. Endowment**

The League's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 2 – Endowment (continued)**

The Board of Control of the League has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of Investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

**F. Inventories**

The League operates a store, which sells art supplies and books, and a cafeteria for the benefits of its students. The store's inventory consists of art supplies and books. The cafeteria's inventory consists of food products and related supplies. Inventories are stated at the lower of first-in, first-out cost or market.

**G. Tuition and fees**

Tuition and fees are usually collected from the students prior to beginning of each monthly session. Upon completion of the course by each student the related tuition and fees are recorded as revenue. Tuition and fees collected for courses commencing after the fiscal year end are recorded as deferred revenues on the statements of financial position.

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 2 – (continued)**

H. Property and Equipment

The League capitalizes property and equipment at cost and a useful life of more than one year. Depreciation of property and equipment is provided on the straight-line method over the expected useful lives of the assets as follows:

Building and improvements	25-50 years
Property and equipment	3-10 years

I. Works of Art

The League maintains a permanent collection of paintings, drawings and sculptures of the League's instructors, students and other artists, which are held for public exhibitions and preserved by the League for this purpose. The permanent collection is not capitalized. The League has acquired other works by donation which may be sold to benefit ongoing programs.

J. In-Kind Contributions

In-kind contributions are reflected in the accompanying financial statements at the estimated fair value at the time of donation.

K. Functional Expenses Allocations

The cost of providing the classes and other activities of the League has been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated to providing classes and to supporting services benefited. Such allocations are determined by management in accordance with donor's stipulations and/or another equitable basis.

L. Use of Estimates

The preparation of the financial statement in conformity with accounting principles generally accepted on the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Reclassifications

For comparative purposes, certain amounts previously reported have been reclassified to conform to current year presentations.

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the operating accounts and held at financial institutions at May 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Operating accounts	\$ 80,185	\$ 778,147
Financial institutions	<u>417,804</u>	<u>361,476</u>
	<u>\$ 497,989</u>	<u>\$ 1,139,623</u>

The League maintains cash and cash equivalents balances in financial institutions which, at times, may exceed federally insured limits. The League has not experienced any losses in such accounts.

**NOTE 4 – INVESTMENTS**

On June 1, 2008, the League adopted Financial Accounting Standards Board No. 157, "Fair Value Measurements" ("FAS 157"). For financial statements, elements currently required to be measured at fair value, FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements.

The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including League's own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 4 – INVESTMENTS (continued)**

The summary of inputs used to value the League's assets that are carried at fair value as of May 31, 2009 is as follows:

	<u>Investments</u>
Level 1	\$36,019,522
Level 2	-
Level 3	<u>900,000</u>
	<u>\$36,919,522</u>

Level 3 investments consist of shares of common stock of a privately held company. The fair value of these shares was determined as follows:

Fair Value – as determined by the League's management on the date received, May 14, 2009	\$900,000
Increase (decrease) in fair value	<u>-</u>
Fair Value May 31, 2009	<u>\$900,000</u>

Investments held by the League at May 31, 2009 and 2008 consisted of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Managed mutual funds	\$ 14,871,970	\$ 11,854,886	\$ 27,957,977	\$ 28,427,278
Index funds	14,428,202	13,097,119	7,194,608	8,838,486
Corporate stocks and fixed income securities	<u>13,884,732</u>	<u>11,967,517</u>	<u>9,798,661</u>	<u>10,349,948</u>
	<u>\$ 43,184,904</u>	<u>\$ 36,919,522</u>	<u>\$ 44,951,246</u>	<u>\$ 47,615,712</u>

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 4 – INVESTMENTS (continued)**

A summary of net gains on investment transactions is described below:

	<u>2009</u>	<u>2008</u>
Unrealized (losses)	\$ (8,933,929)	\$ (3,362,691)
Realized (losses) gains	<u>(2,572,229)</u>	<u>1,406,323</u>
	(11,506,158)	(1,956,368)
Less: investment expenses	<u>(78,264)</u>	<u>(89,289)</u>
	<u>\$ (11,584,422)</u>	<u>\$ (2,045,657)</u>

Investment income is reported in the statement of activities net of investment expenses of \$81,712 and \$89,289 for the years ended May 31, 2009 and 2008, respectively.

**NOTE 5 – PREPAID EXPENSES – PUBLISHING**

In 2008, the League signed an agreement with a publishing company to produce a book based in the League's archival material. The League received a guaranteed advance against its future royalties. In addition, the League incurred expenses of \$91,370 of which \$44,948 were pro-bono legal services.

These expenses will be amortized over the estimated revenue stream when the book is released in the year 2010.

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

A summary of property and equipment at May 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Building and improvements	\$ 9,763,091	\$ 9,690,924
Land and improvements	1,133,145	1,133,145
Equipment and furniture	<u>1,266,510</u>	<u>994,592</u>
	12,162,746	11,818,661
Less: accumulated depreciation	<u>(2,947,187)</u>	<u>(2,475,245)</u>
	<u>\$ 9,215,559</u>	<u>\$ 9,343,416</u>

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 7 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS**

Permanently and temporarily restricted net assets at May 31, 2009 and 2008 are available to satisfy the following purposes:

<u>Permanently restricted net assets:</u>	<u>2009</u>	<u>2008</u>
Facility support	\$ 1,972,859	\$ 1,972,859
Scholarships	7,658,450	7,658,450
General support	2,940,413	2,940,413
	<u>\$ 12,571,722</u>	<u>\$ 12,571,722</u>
<u>Temporarily restricted net assets:</u>		
Facility support	1,234,196	1,561,246
Scholarships	1,590,618	4,260,461
General support	1,160,917	2,936,355
	<u>\$ 3,985,731</u>	<u>\$ 8,758,062</u>

**NOTE 8 – CHANGES IN ENDOWMENT NET ASSETS**

Changes on the permanently restricted net assets for the years ended May 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Endowment net assets, beginning of year	\$ 12,571,222	\$ 12,571,222
Increase by:		
Investment returns:		
Interest and dividends, net	388,768	389,973
Realized gains, net	-	348,095
Transfers from temporarily restricted funds	2,862,206	738,068
	<u>\$ 15,822,196</u>	<u>\$ 13,309,290</u>
Decrease by:		
Realized losses	752,457	-
Unrealized losses	2,498,517	540,672
Transfers to temporarily restricted funds	-	197,396
	<u>\$ 3,250,974</u>	<u>\$ 738,068</u>
Endowment net assets, end of year	<u>\$ 12,571,222</u>	<u>\$ 12,571,222</u>

The Art Students League of New York and its Subsidiary

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2009 and 2008

**NOTE 8 – CHANGES IN ENDOWMENT NET ASSETS (continued)**

One of the League's policies is the preservation of its endowment net assets at their original fair value. As a result of this policy, the League adopted the New York State Prudent Management Institutional Fund Act (SPMIFA). All investment income and gains or (losses) from sale of investments held by the endowment funds are treated as belonging to related temporarily restricted funds and, therefore, investment gains or (losses) do not affect the fair value of the endowment net assets.

**NOTE 9 – DONATED SERVICES AND PROPERTY**

Listed below is a description of donated services and property the League received in the years ended May 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Legal services	<u>\$ 10,894</u>	<u>\$ 45,936</u>

The Art Students League of New York and Subsidiary

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended May 31, 2009  
with comparative totals for the year ended May 31, 2008

	Program Services	Supporting Services			2009 Total Expenses	2008 Total Expenses
		Management and General	Fundraising			
Salaries	\$ 1,406,846	\$ 488,989	\$ 118,691	\$	\$ 2,014,526	\$ 1,829,273
Payroll taxes/ fringe benefits	278,988	69,697	17,717		366,402	333,145
Total compensation and related expenses	1,685,834	558,686	136,408		2,380,928	2,162,418
Other expenses:						
Instructors	1,540,857	-	-		1,540,857	1,430,105
Models	564,694	-	-		564,694	540,766
Professional and consulting fees	161,169	164,823	3,949		329,941	148,255
Utilities	253,467	-	-		253,467	229,032
Repairs and maintenance	165,555	8,808	3,924		178,287	231,328
Insurance	98,630	20,491	-		119,121	105,628
Permanent collection	81,869	-	-		81,869	84,585
Ment scholarships and travel grants	80,200	-	-		80,200	94,000
Catalogue	75,488	-	-		75,488	70,742
Credit cards	68,352	-	869		69,221	63,975
Classroom materials	67,348	-	-		67,348	79,905
Printing	2,521	6,332	52,190		61,043	56,955
Gallery and exhibitions	57,989	-	-		57,989	62,853
Office, computer supplies and programming	22,802	21,728	10,576		55,106	68,427
Telephone and internet	29,041	15,383	-		44,424	22,529
Advertising	15,120	470	7,322		22,912	20,626
Postage	1,858	2,778	11,072		15,708	20,608
Member services	14,686	-	-		14,686	3,673
Archives	11,439	-	-		11,439	9,471
Miscellaneous	77,156	94,201	10,098		181,455	174,401
Total other expenses	3,390,241	335,014	100,000		3,825,255	3,517,864
Total expenses before depreciation	5,076,075	893,700	236,408		6,206,183	5,680,282
Depreciation	397,493	43,044	15,898		456,435	414,374
Total expenses	\$ 5,473,568	\$ 936,744	\$ 252,306		\$ 6,662,618	\$ 6,094,656

This schedule should be read in conjunction with the accompanying financial statements and the notes thereto.

The Art Students League of New York and its Subsidiary

**SCHEDULES OF ART STORE AND CAFETERIA OPERATIONS**

For the years ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Art store		
Revenues	\$ 773,174	\$ 799,025
Cost of operations:		
Inventory, beginning of year	175,308	165,090
Purchases	<u>475,359</u>	<u>524,721</u>
	650,667	689,811
Inventory, end of year	<u>248,653</u>	<u>175,308</u>
Cost of goods sold	<u>402,014</u>	<u>514,503</u>
Excess	371,160	284,522
Other expenses:		
Salaries	152,666	125,718
Payroll taxes/fringe benefits	25,329	17,813
Credit card charges	17,274	14,860
Miscellaneous	11,410	4,148
Depreciation	<u>10,384</u>	<u>3,501</u>
Total other expenses	<u>217,063</u>	<u>166,040</u>
Excess of revenue over expenses	<u>\$ 154,097</u>	<u>\$ 118,482</u>
Cafeteria:		
Revenues	\$ 227,126	\$ 203,650
Cost of operations:		
Inventory, beginning of year	3,492	3,175
Purchases	<u>97,326</u>	<u>95,558</u>
	100,818	98,733
Inventory, end of year	3,891	3,492
Cost of goods sold	<u>96,927</u>	<u>95,241</u>
Excess	130,199	108,409
Other expenses:		
Salaries	81,353	88,144
Payroll taxes/fringe benefits	24,361	27,946
Miscellaneous	4,695	2,287
Depreciation	<u>817</u>	<u>817</u>
Total other expenses	<u>111,226</u>	<u>119,194</u>
Excess of revenue (deficiency) over expenses	<u>\$ 18,973</u>	<u>\$ (10,785)</u>

*This schedule should be read in conjunction with the accompanying financial statements and notes thereto.*