

**The Art Students League of New York and its Subsidiary,
The American Fine Arts Society, Inc.**

Financial Report

May 31, 2012 and May 31, 2011

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Financial Statements	6-15
Supplementary Information:	
Schedule of Functional Expenses	16
Schedules of Art Store and Cafeteria Operations	17

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Independent Auditors' Report

To the Board of Directors of
The Art Students League of New York, Inc.

We have audited the accompanying consolidated statements of financial position of the Art Students League of New York, Inc. and its subsidiary The American Fine Arts Society, Inc. ("the League"), a not-for-profit organization, as of May 31, 2012 and 2011 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these consolidated 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 audits 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Art Students League of New York, Inc. and its subsidiary The American Fine Arts Society, Inc. as of May 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidated supplementary schedules of functional expenses and the art store and cafeteria operations on pages 16 and 17 are presented for the purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Monahan + Company

September 19, 2012

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY
Consolidated Statements of Financial Position
As of May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 64,338	\$ 391,447
Investments	42,892,543	47,194,899
Grants and contributions receivable	127,001	112,563
Miscellaneous receivables	40,258	39,479
Accrued interest and dividends	-	10,701
Prepaid expenses:		
Catalogue	20,138	23,502
Insurance	41,706	40,610
Other	37,721	12,647
Inventories:		
Art store	224,518	214,194
Cafeteria	4,484	4,154
Print portfolio	<u>14,462</u>	<u>14,462</u>
Total current assets	<u>43,467,169</u>	48,058,658
Grants and contributions receivable, net	272,325	354,595
Property and equipment, net	8,987,452	8,824,953
Works of art	216,158	216,158
Security deposit	<u>4,000</u>	<u>4,000</u>
 Total assets	 <u>\$ 52,947,104</u>	 <u>\$ 57,458,364</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 359,598	\$ 413,709
Deferred revenue	395,926	310,719
Locker deposits	42,887	39,541
Tuition credits	<u>135,308</u>	<u>120,836</u>
Total liabilities	<u>933,719</u>	<u>884,805</u>
NET ASSETS		
Unrestricted	30,189,888	32,864,218
Temporarily restricted	9,121,667	11,007,511
Permanently restricted	<u>12,701,830</u>	<u>12,701,830</u>
Total net assets	<u>52,013,385</u>	<u>56,573,559</u>
 Total liabilities and net assets	 <u>\$ 52,947,104</u>	 <u>\$ 57,458,364</u>

See independent auditors' report.

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

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY
 Consolidated Statements of Activities
 For the Years Ended May 31, 2012 and 2011

	2012		2011		Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total									
REVENUES AND SUPPORT													
Tuition	\$ 3,288,526	\$ -	\$ -	\$ 3,288,526	\$ 3,075,352	\$ -	\$ -	\$ 3,075,352	\$ 3,075,352	\$ -	\$ -	\$ -	\$ 3,075,352
Contributions	265,502	286,679	-	552,181	205,745	3,352,626	-	3,558,371	205,745	3,352,626	-	3,558,371	
Donated goods and services	11,429	-	-	11,429	31,841	-	-	31,841	31,841	-	-	-	31,841
Fees and other income	481,563	15,000	-	496,563	459,559	-	-	459,559	459,559	-	-	-	459,559
Investment income, net	821,468	522,499	-	1,343,967	714,949	601,483	-	1,316,432	714,949	601,483	-	1,316,432	
Unrealized and realized gains and (losses) on investments, net	(896,921)	(1,482,622)	-	(2,379,543)	2,824,589	2,982,650	-	5,807,239	2,824,589	2,982,650	-	5,807,239	
Other revenues net of expenses:													
Art store	79,605	-	-	79,605	70,744	-	-	70,744	70,744	-	-	-	70,744
Cafeteria	(2,467)	-	-	(2,467)	(2,448)	-	-	(2,448)	(2,448)	-	-	-	(2,448)
	4,048,705	(658,444)	-	3,390,261	7,380,331	6,936,769	-	14,317,100	7,380,331	6,936,769	-	14,317,100	
Net assets released from restrictions	1,227,400	(1,227,400)	-	-	2,571,421	(2,571,421)	-	-	2,571,421	(2,571,421)	-	-	
Total revenues and support	5,276,105	(1,885,844)	-	3,390,261	9,951,752	4,365,348	-	14,317,100	9,951,752	4,365,348	-	14,317,100	
EXPENSES													
Program services	6,388,445	-	-	6,388,445	6,126,778	-	-	6,126,778	6,126,778	-	-	-	6,126,778
Supporting services:													
Management and general	1,076,831	-	-	1,076,831	906,923	-	-	906,923	906,923	-	-	-	906,923
Fundraising	485,159	-	-	485,159	383,023	-	-	383,023	383,023	-	-	-	383,023
Total expenses	7,950,435	-	-	7,950,435	7,416,724	-	-	7,416,724	7,416,724	-	-	-	7,416,724
Change in net assets	(2,674,330)	(1,885,844)	-	(4,560,174)	2,535,028	4,365,348	-	6,900,376	(4,560,174)	4,365,348	-	6,900,376	
Net assets, beginning of year	32,864,218	11,007,511	12,701,830	56,573,559	30,329,190	6,642,163	12,701,830	49,673,183	30,329,190	6,642,163	12,701,830	49,673,183	
Net assets, end of year	\$ 30,189,888	\$ 9,121,667	\$ 12,701,830	\$ 52,013,385	\$ 32,864,218	\$ 11,007,511	\$ 12,701,830	\$ 56,573,559	\$ 32,864,218	\$ 11,007,511	\$ 12,701,830	\$ 56,573,559	

See independent auditors' report.
 The accompanying notes are an integral part of these financial statements.

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,560,174)	\$ 6,900,376
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation expense	571,939	553,175
Unrealized losses (gains) on investments	2,788,526	(5,357,764)
Realized (gains) on investments	(449,343)	(505,871)
Changes in operating assets and liabilities:		
(Increase) decrease in grants and contributions receivable	67,832	(454,558)
(Increase) decrease in miscellaneous receivable	(779)	(2,612)
Decrease in accrued interest receivable	10,701	1,806
Decrease in prepaid expenses	(22,806)	81,425
(Increase) in inventories	(10,654)	(12,913)
(Increase) in security deposit	-	(4,000)
(Decrease) increase in accounts payable and accrued expenses	(54,111)	84,908
Increase in deferred revenues	85,207	52,553
Increase in other liabilities	17,818	18,355
	<u>(1,555,844)</u>	<u>1,354,880</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Decrease (increase) in investments, net	1,963,173	(551,370)
Purchase of property and equipment	(734,438)	(582,324)
	<u>1,228,735</u>	<u>(1,133,694)</u>
Net cash provided by (used in) investing activities		
	<u>(327,109)</u>	<u>221,186</u>
Net (decrease) increase in cash and cash equivalents		
Cash and cash equivalents, beginning of year	<u>391,447</u>	<u>170,261</u>
Cash and cash equivalents, end of year	<u>\$ 64,338</u>	<u>\$ 391,447</u>

See independent auditors' report.

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

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY

Notes to Financial Statements
May 31, 2012 and May 31, 2011

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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 donor-imposed stipulations that will be met either by actions of the League and/or the passage of time.

Contributions with donor-imposed restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when purpose or time restrictions are met, and recorded in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted

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

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

Principles of Consolidation

The consolidated financial statements include the accounts of 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. ("AFAS") is consolidated with the League since the League owns all of the outstanding shares of AFAS.

Cash and Cash Equivalents

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

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.

Endowments

The League adopted Accounting Standards Codification ("ASC") 958-205 (formerly FASB Staff Position FAS 117-1), *Endowments of Not-For-Profit Organizations: Net Asset Clarification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds*.

ASC 958-205 provides guidance on the net asset clarification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA); and improves disclosures about an organization's endowment funds (both donor restricted funds and funds functioning as an endowment), regardless of whether it is subject to UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation.

The League's endowment consists of approximately forty individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the League to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

In September 2010, New York State passed the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of UPMIFA. The new law eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in the gift agreement or similar document, a New York charitable organization may now spend the amount of the principal and the income of an endowment fund, even from an underwater fund, after considering the factors listed in the act.

Investment policy

The League shall be responsible for maintaining a policy of prudent investment in stocks, bonds, real estate, mutual funds, non-marketable securities such as private placements and limited partnerships, and other similar financial and trust instruments or interests. The League shall make the decisions leading to the timely purchase or sale of securities, interests, or instruments and shall make analyses of the market conditions as will, in the League's judgment, provide for both short-term and long-term investment strategies. Investments may be made on behalf of the League by independent investment managers selected by the League and regularly reviewed for performance.

Spending policy

The League can spend all investment earnings on invested funds for the restricted purposes associated with the endowment.

Fair Value of Financial Instruments

The League adopted guidance under ASC 820 (formerly FAS 157, *Fair Value Measurements*) that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little (if any) market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Inventories

The League operates a store, which sells art supplies and books, and a cafeteria for the benefit 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.

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

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.

Grants and Contributions

The League records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted, or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue.

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.

Functional Expense Allocations

The costs of providing the various programs and other activities of the League have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

Income Taxes

The League has adopted ASC 740, *Income Taxes*. ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on ASL's financial statements, as management believes that there are no uncertain tax positions within its financial statements. ASL has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it was nexus; and to review other matters that may be considered tax positions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in 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 statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

Reclassifications

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the operating accounts and held at financial institutions at May 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Operating accounts	\$ 64,336	\$ 149,531
Financial institutions	-	241,916
	<u>\$ 64,336</u>	<u>\$ 391,447</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.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Grants and contributions receivable at May 31, 2012 and 2011 consisted of current and multiyear promises to give which are collectible as follows:

	<u>2012</u>	<u>2011</u>
One year or less	\$ 127,001	\$ 112,563
One to five years, net of present value discount of \$27,675 and \$45,405 (5% risk-free rate of return)	272,325	354,595
	<u>\$ 399,326</u>	<u>\$ 467,158</u>

5. INVESTMENTS

Investments at fair value held by the League at May 31, 2012 and 2011 consisted of the following:

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**

Notes to Financial Statements

May 31, 2012 and May 31, 2011

	2012		2011	
	Cost	Market	Cost	Market
Managed mutual funds	\$ 12,830,213	\$ 13,263,846	\$ 20,874,283	\$ 22,491,756
Index funds	28,162,792	29,628,697	12,195,341	14,769,775
Corporate stocks and fixed income securities	-	-	9,437,212	9,933,368
Total investments	<u>\$ 40,993,005</u>	<u>\$ 42,892,543</u>	<u>\$ 42,506,836</u>	<u>\$ 47,194,899</u>

The following table summarizes investments by fair value hierarchy levels as of May 31, 2012:

	Level 1	Level 2	Level 3	Total
Managed mutual funds	\$ 13,263,846	\$ -	\$ -	\$ 13,263,846
Index funds	29,628,697	-	-	29,628,697
Corporate stocks and fixed income securities	-	-	-	-
Total investments	<u>\$ 42,892,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,892,543</u>

The following table summarizes investments by fair value hierarchy levels as of May 31, 2011:

	Level 1	Level 2	Level 3	Total
Managed mutual funds	\$ 22,491,756	\$ -	\$ -	\$ 22,491,756
Index funds	14,769,775	-	-	14,769,775
Corporate stocks and fixed income securities	9,933,368	-	-	9,933,368
Total investments	<u>\$ 47,194,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,194,899</u>

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

	2012	2011
Unrealized (losses) gains	\$ (2,788,526)	\$ 5,357,764
Realized gains	449,343	505,871
	(2,339,183)	5,863,635
Less: investment expenses	(40,359)	(56,396)
	<u>\$ (2,379,542)</u>	<u>\$ 5,807,239</u>

Investment income is reported in the statement of activities net of investment expenses of \$40,363 and \$56,396 for the years ended May 31, 2012 and 2011, respectively.

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

6. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment at May 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Building and improvements	\$ 10,381,277	\$ 10,338,992
Land and improvements	1,811,972	1,165,852
Equipment and furniture	<u>1,397,841</u>	<u>1,351,808</u>
	13,591,090	12,856,652
Less: accumulated depreciation	<u>(4,603,638)</u>	<u>(4,031,699)</u>
	<u>\$ 8,987,452</u>	<u>\$ 8,824,953</u>

Depreciation expense for the years ended May 31, 2012 and 2011 amounted to \$571,939 and \$553,175 respectively.

7. COMMITMENTS

The League entered into a non-cancelable operating lease for office equipment, requiring monthly payments of \$340 through December 2014.

Future minimum lease payments pursuant to the equipment lease as of May 31, 2012, amounted to:

Year ending May 31,	2013	\$ 4,080
	2014	4,080
	2015	<u>2,380</u>
Total payments		<u>\$ 10,540</u>

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**

Notes to Financial Statements

May 31, 2012 and May 31, 2011

8. PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently and temporarily restricted net assets at May 31, 2012 and 2011 are available to satisfy the following purposes:

	<u>2012</u>	<u>2011</u>
Permanently restricted net assets:		
Scholarships	\$ 8,322,509	\$ 8,322,509
Other support	<u>4,379,322</u>	<u>4,379,322</u>
	<u>\$ 12,701,831</u>	<u>\$ 12,701,831</u>
Temporarily restricted net assets:		
Scholarships	\$ 3,958,799	\$ 4,864,387
Other support	<u>5,162,868</u>	<u>6,143,124</u>
	<u>\$ 9,121,667</u>	<u>\$ 11,007,511</u>

9. CHANGES IN ENDOWMENT NET ASSETS

Changes on the permanently restricted net assets for the years ended May 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Endowment net assets, beginning of year	\$ 12,701,830	\$ 12,701,830
Increase by:		
Contributions	-	-
Investment returns:		
Interest and dividends, net	360,855	336,470
Realized gains, net	109,812	1,484,958
Transfers from temporarily restricted funds	<u>278,052</u>	<u>-</u>
	<u>748,719</u>	<u>1,821,428</u>
	<u>13,450,549</u>	<u>14,523,258</u>
Decrease by:		
Realized losses	-	-
Unrealized losses	748,719	-
Transfers to temporarily restricted funds	<u>-</u>	<u>1,821,428</u>
	<u>748,719</u>	<u>1,821,428</u>
Endowment net assets, end of year	<u>\$ 12,701,830</u>	<u>\$ 12,701,830</u>

**THE ART STUDENTS LEAGUE OF NEW YORK, INC.
AND ITS SUBSIDIARY**
Notes to Financial Statements
May 31, 2012 and May 31, 2011

10. DONATED SERVICES AND PROPERTY

Listed below is a description of donated services and property the League received in the years ended May 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Legal services	\$ 11,429	\$ 31,841

11. SUBSEQUENT EVENTS

The League evaluated its May 31, 2012 financial statements for subsequent events through September 19, 2012, the date the financial statements were available to be issued. The League is not aware of any subsequent events which would require recognition or disclosure in the financial statements, except for the item described below.

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY
Consolidated Supplementary Schedule of Functional Expenses
For the Year Ended May 31, 2012

	Program Services	Supporting Services			2012 Total Expenses	2011 Total Expenses
		Management and General	Fundraising	(for comparative purposes only)		
Salaries	\$ 1,652,043	\$ 614,250	\$ 248,829	\$ 2,515,122	\$ 2,291,053	
Payroll taxes/fringe benefits	322,868	152,671	37,243	512,782	437,813	
Total salaries and fringe benefits	1,974,911	766,921	286,072	3,027,904	2,728,866	
Other expenses	1,657,505	-	-	1,657,505	1,561,930	
Instructors	616,379	-	-	616,379	603,006	
Models	156,199	71,741	51,915	279,855	325,254	
Professional and consulting fees	263,639	3,135	-	266,774	201,122	
Repairs and maintenance	252,911	-	-	252,911	246,864	
Utilities	221,616	-	-	221,616	201,080	
Model to monument	107,039	16,306	-	123,345	121,717	
Insurance	85,637	-	888	86,525	82,014	
Credit cards	85,974	-	-	85,974	84,000	
Merit scholarships and cash grants	85,454	-	-	85,454	74,726	
Permanent collection	26,653	33,498	16,246	76,397	87,182	
Office, computer supplies and programming	69,331	-	-	69,331	62,849	
Catalogue	3,883	4,159	57,295	65,337	49,264	
Printing	55,369	-	-	55,369	64,401	
Classroom materials	47,598	-	-	47,598	105,396	
Gallery and exhibitions	9,355	-	31,370	40,725	23,533	
Advertising	7,282	27,768	-	35,050	37,010	
Telephone and internet	19,650	6,261	100	26,011	27,810	
Transportation	1,973	2,205	14,585	18,763	8,634	
Postage	13,791	-	-	13,791	22,829	
Member services	10,387	-	-	10,387	11,151	
Archives	109,544	111,810	8,855	230,209	147,389	
Miscellaneous	3,907,169	276,883	181,254	4,365,306	4,149,161	
Total other expenses	5,882,080	1,043,804	467,326	7,393,210	6,878,027	
Total expenses before depreciation						
Depreciation	506,365	33,027	17,833	557,225	538,697	
Total expenses	\$ 6,388,445	\$ 1,076,831	\$ 485,159	\$ 7,950,435	\$ 7,416,724	

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

THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND ITS SUBSIDIARY
Schedules of Art Store and Cafeteria Operations
For the Years Ended May 31, 2012 and 2011

	2012	2011
Art store		
Revenues	\$ 860,237	\$ 830,964
Cost of operations:		
Inventory, beginning of year	214,194	201,640
Purchases	525,632	531,845
	<u>739,826</u>	<u>733,485</u>
Inventory, end of year	224,518	214,194
Cost of goods sold	<u>515,308</u>	<u>519,291</u>
Excess	344,929	311,673
Other expenses:		
Salaries	168,983	160,792
Payroll taxes/fringe benefits	48,563	42,611
Credit card charges	29,458	21,098
Miscellaneous		
Office and computers	5,011	4,857
Subscriptions	1,100	-
Postage	165	37
Miscellaneous	978	704
	<u>7,254</u>	<u>5,598</u>
Depreciation	11,066	10,830
Total other expenses	<u>265,324</u>	<u>240,929</u>
Excess of revenues over expenses	<u>\$ 79,605</u>	<u>\$ 70,744</u>
Cafeteria:		
Revenues	\$ 249,688	\$ 257,889
Cost of operations:		
Inventory, beginning of year	4,154	3,795
Purchases	107,600	107,982
	<u>111,754</u>	<u>111,777</u>
Inventory, end of year	4,512	4,154
Cost of goods sold	<u>107,242</u>	<u>107,623</u>
Excess	142,446	150,266
Other expenses:		
Salaries	109,909	127,187
Payroll taxes/fringe benefits	22,589	15,739
Miscellaneous	8,767	6,140
Depreciation	3,648	3,648
Total other expenses	<u>144,913</u>	<u>152,714</u>
Excess of (expenses) over revenues	<u>\$ (2,467)</u>	<u>\$ (2,448)</u>

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