

The LCU Foundation

2010 Annual Report

The mission of the LCU Foundation is to award grants that ease the burden of New York City housing costs for promising women students preparing for careers that serve the community.

A Message From the President

As many of you know -- having celebrated our 150th anniversary with us in 2008 -- LCU Foundation has been providing women with safe affordable housing in New York City for a long time. Yet our history as a grantmaking organization is just 10 years old. After years of housing young women in our own residences, we made the decision in 2001 to pursue our mission with a new paradigm: partnering with institutions of higher education to award housing grants to deserving women students throughout the five boroughs.



As we mark our tenth year of grant giving, it is gratifying to reflect that LCU Foundation has assisted nearly 1,300 students to date. Most of them have now graduated and launched their own careers, helping others as LCU once helped them. If you multiply that 1,300 by the number of students taught by LCU-supported teachers, patients tended by LCU-supported nurses, individuals counseled by LCU-supported social workers, and audiences touched by LCU-supported dancers, musicians, actors, and artists – well, the results are impressive indeed. The ripples of philanthropy spread outward and outward.

Entering our second decade of grant giving, LCU Foundation is poised to widen its circle in many other ways as well:

- Our newly redesigned website shares more inspiring stories of LCU student beneficiaries.
- Our Alumni Outreach committee is organizing networking events to connect past and current student beneficiaries.
- New educational institutions are being invited to apply for grants.
- We are actively seeking philanthropic partnerships with other foundations and organizations.
- Our Board of Directors is more diverse than ever, including two former student beneficiaries.
- An ever-widening group of donors and volunteers has joined our cause.

New York City is hardly exempt from the current worldwide recession. Local housing costs continue to rise, as do tuitions leaving many students' financial resources more strained than ever. We're proud to have supported 1300 students over 10 years, but we could easily find 1300 deserving students to help in a single year, if our resources would permit.

Help us spread the word about the good work we do. With your support, funds will always be there to underwrite New York City housing for talented women students in need.

A handwritten signature in cursive script that reads "Holly Hughes". The ink is dark and the signature is fluid and personal.

Holly Hughes
President
LCU Foundation



2010 Grantmaking

The LCU Foundation awards grants to educational institutions within the five boroughs of New York City to provide housing support for women preparing for careers in the arts, education, social work, public administration, international development, criminal justice and health care.

In 2010, the LCU Foundation awarded \$507,000 in grants to fifteen institutions. 142 students received housing assistance.

Grantee institutions were:

Alvin Ailey Dance Foundation, Inc.

Bank Street College of Education

City College of New York

Columbia University School of Nursing

Columbia University School of Social Work

Hunter College

John Jay College of Criminal Justice

Lehman College

General Theological Seminary of the Episcopal Church

Juilliard School

New York Academy of Arts

New York Studio School

New York University Silver School of Social Work

Phillips Beth Israel School of Nursing

School of American Ballet

Student Beneficiary Profile: Adrianny Rodriguez, Lehman College

Adrianny Rodriguez is a 24 year-old student attending Lehman College in the Bronx. She was born in the Dominican Republic and came to the United States when she was 15 years old. She is currently an upper senior studying education with the goal of becoming a teacher.



Q: What motivated you to choose to go in to teaching? Was there one experience that inspired you?

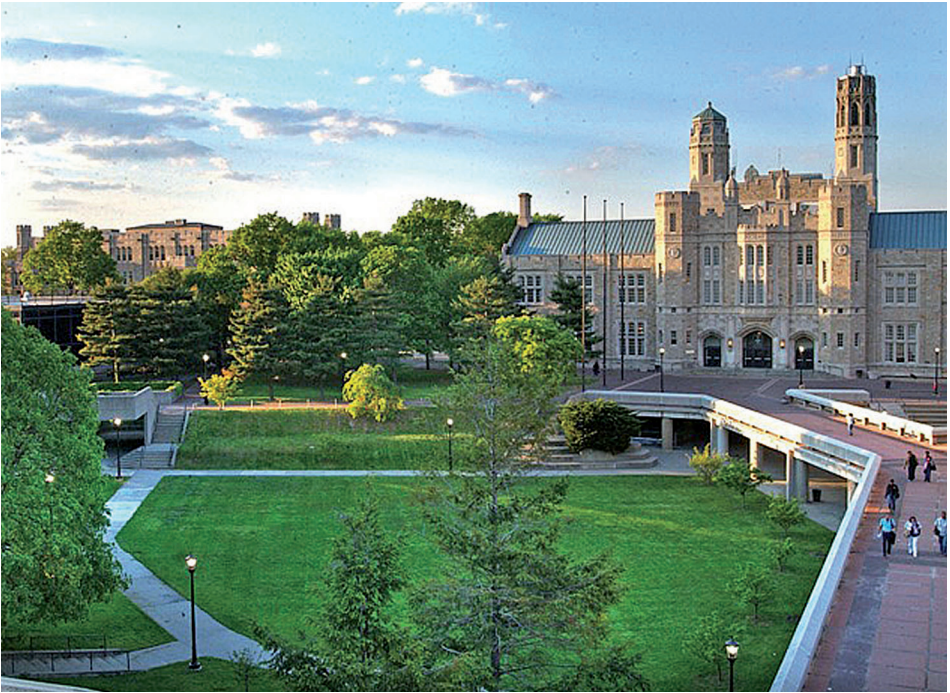
A: In the Dominican Republic my mother was an elementary-school teacher. Any chance I could I would help her with her class; helping to teach younger students to read and write. This exposure to assisting others instilled in me the desire to be a teacher when I grew up. When I came to the United States, I realized that I wanted to teach others about my culture and to teach Spanish.

Q: What major goals do you have for yourself?

A: My primary goal is to be a supportive teacher in my community and to be a positive example to others. I believe in helping immigrant students and know that the economic struggles that affect their families impact whether or not they go to college or continue their education. I would like to create a community club that will raise funds and provide guidance for those students that need economic and emotional support in order to be successful.

Q: What has been your greatest obstacle in pursuing your education?

A: The greatest obstacle for me has been economic. At times, I did not know how I would afford my rent and when I borrowed the money I did not know how I was going to pay it back. There were many times when I did not know how I could afford to eat which made me consider dropping out of school to work a full-time job.



Lehman College campus

Q: Describe the course of your academic career. How many years have you been studying in this field? Part-time or full-time? How long until you get your degree?

A: My journey has been a long and difficult one. In 2006, I enrolled in a two-year college. For financial reasons, I was a part-time student. I came to Lehman College in 2009 where I have been fortunate to be a full-time student. I am on track to complete my coursework in December of 2011 and begin my student teaching the following January.

Q: How has the LCU Foundation grant helped you to attain your educational goals? What was your living situation before you got the LCU grant? Where are you living now?

A: There are no words to describe how much the LCU Foundation has helped me to achieve my goals. Since I received the housing grant, I have been on the Lehman's Dean List for two semesters and my grades have been all A's and A-'s. I can now open a book and know that I can study in peace without the worry of how I would pay the rent. Before I received the grant, my living situation was not stable. At one point, I almost applied for a bed in a shelter because I could not pay the rent and jobs were hard to find. But now, I am living in the same room with the help of my "LCU Angels". I am so thankful to the foundation for helping me to stay focused on my dreams in such difficult times. Without this support, they would disappear.

**“It is truly overwhelming to receive
such a substantial contribution to
put towards the pursuit of my studies
on such a fundamental level.”**

*- Student beneficiary
at City College of New York*

Board Member Profile: Lukas Haynes

LCU Foundation Board member Lukas Haynes has been a foundation grantmaker for the past nine years, first working on global issues at the John D. and Catherine T. MacArthur Foundation and most recently addressing local and national problems at the Mertz Gilmore Foundation. A native of New York City, he now lives in Montclair, New Jersey with his two young children, and wife, Maura, who works for a global reinsurer.



Q: What compelled you to join the LCU Foundation Board of Directors?

A: I had the good fortune to be elected to the LCU Board of Directors in 2010 after responding to a notice in the Philanthropy News Digest. The opportunity to help students with the cost of college and oversee grants from a foundation board perspective was very compelling as a complement to my day job. I had also witnessed the magnified social impact of women’s empowerment while working for OXFAM in developing countries. Educating women is powerful leverage in helping whole families and communities. Finally, the Board interviewing committee sealed the deal with great energy and engaging questions.

Q: What roles have you played on the board?

A: I serve on the Development Committee to try and raise new funds for additional housing scholarships and on the Grants Committee that evaluates the LCU grantee institutions who administer the aid.

Q: What keeps you engaged in the work of the LCU Foundation?

A: My passion for the LCU mission begins with the unique mission and historic track record, but it’s my committed colleagues that really keep me engaged. Like so many kinds of volunteerism, concern moves you but people and positive reinforcement keep you.

Q: What do you most want people to know about the LCU Foundation?

A: I most want LCU’s current and potential supporters to know that our student beneficiaries are world-changers for whom LCU’s assistance is critical, life-altering, and deeply appreciated. Foundations can barely scratch the surface of need but we can and do transform lives and if you don’t trust my testimony ask our LCU Board members who once received this assistance and are now offering up their own time.

Statements of Financial Position

December 31, 2010 and 2009

	ASSETS	
	2010	2009
Current assets:		
Cash and cash equivalents	\$ 897,195	\$ 727,792
Investments, at fair value	15,924,805	15,245,928
Prepaid expenses	2,380	4,901
Prepaid and refundable income taxes	-	16,899
Other receivable	1,420	3,075
	<hr/>	<hr/>
Total current assets	16,825,800	15,998,595
Fixed assets, at cost, less accumulated depreciation of \$24,584 and \$20,416 in 2010 and 2009, respectively	10,150	14,318
Security deposits	10,282	10,282
	<hr/>	<hr/>
TOTAL ASSETS	\$ 16,846,232	\$ 16,023,195
	<hr/>	<hr/>
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,200	\$ 200
Taxes payable	624	1,338
	<hr/>	<hr/>
Total current liabilities	9,824	1,538
	<hr/>	<hr/>
Commitments (Note 5)		
Net assets:		
Unrestricted	16,818,408	16,003,657
Permanently restricted	18,000	18,000
	<hr/>	<hr/>
Total net assets	16,836,408	16,021,657
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 16,846,232	\$ 16,023,195
	<hr/>	<hr/>

Statements of Cash Flows for the Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 814,751	\$ 2,345,491
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	4,168	4,773
Loss on sale of investments	669,104	1,315,965
Unrealized loss (gain) on investments	(1,661,392)	(3,851,142)
Distributive share of income	(13,830)	-
Changes in assets and liabilities:		
Prepaid expenses	2,521	4,795
Accounts payable and accrued expenses	9,000	28,738
Prepaid and refundable taxes	16,899	16,899
Other receivable	1,655	2,737
Income taxes payable	(714)	-
Net cash used in operating activities	<u>(157,838)</u>	<u>(165,542)</u>
Cash flows from investing activities		
Proceeds from sale of investments	6,695,828	3,633,198
Purchase of investments	<u>(6,368,587)</u>	<u>(3,531,899)</u>
Net cash provided by investing activities	327,241	101,299
Net increase (decrease) in cash and cash equivalents	169,403	(62,243)
Cash and cash equivalents - beginning	<u>727,792</u>	<u>792,035</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>897,195</u>	<u>727,792</u>

Statements of Activities and Changes in Net Assets for the Years Ended December 31, 2010 and 2009

	2010			2009		
	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted
Revenues, gains and other support:						
Dividend and interest income	\$ 467,329	\$ 467,329	\$ -	\$ 418,463	\$ 418,463	\$ -
Net realized and unrealized gains (losses) on investments	992,288	992,288	-	2,535,177	2,535,177	-
Contributions	<u>57,050</u>	<u>57,050</u>	<u>-</u>	<u>31,009</u>	<u>31,009</u>	<u>-</u>
Total revenues, gains and other support	<u>1,516,667</u>	<u>1,516,667</u>	<u>-</u>	<u>2,984,649</u>	<u>2,984,649</u>	<u>-</u>
Expenses:						
Grants	507,000	507,000	-	430,000	430,000	-
General and administrative	<u>194,916</u>	<u>194,916</u>	<u>-</u>	<u>209,158</u>	<u>209,158</u>	<u>-</u>
Total expenses	<u>701,916</u>	<u>701,916</u>	<u>-</u>	<u>639,158</u>	<u>639,158</u>	<u>-</u>
Change in net assets	814,751	814,751	-	2,345,491	2,345,491	-
Net assets - beginning	<u>16,021,657</u>	<u>16,003,657</u>	<u>18,000</u>	<u>13,676,166</u>	<u>13,658,166</u>	<u>18,000</u>
NET ASSETS - ENDING	<u>\$16,836,408</u>	<u>\$16,818,408</u>	<u>\$18,000</u>	<u>\$16,021,657</u>	<u>\$16,003,657</u>	<u>\$18,000</u>

“My desire to work with individuals from marginalized communities and to impact social change has only grown stronger as I have had the opportunity to gain the knowledge and skills needed to engage in this type of work. Thank you for allowing me to focus my time and energy on my academic program.”

*- Student beneficiary from
Columbia University School of Social Work*



Officers and Board of Directors

The LCU Foundation is staffed by a full-time Foundation Officer and governed by a volunteer Board of Directors.

Board Officers

Holly Hughes, President
Elysa Greenblatt, Vice President
Christine Evangelides Donovan, Secretary
Nancy Schmitt, Treasurer
Mindy Novack, Assistant Treasurer

Board of Directors

Malado Baldwin
Garry Michael Buff
Susan Hartley-Coll
Mary Donovan
Michelle Forrest
Lukas Haynes
Christina Kee
Martha P. Kelley
Katharine Legg
Mary Jo Mullan
Claire Richards
Nancy Sherr Rizzo
Angie Wang

Foundation Officer

Sara Espinosa

**List reflects board composition as of fall 2011*

History

In 1858, a group of New York women saw the need for safe, affordable housing for young single women working in New York City. They organized the Ladies' Christian Association, soon renamed Ladies' Christian Union (LCU), to meet this pressing need. Not only did the young women need housing, they needed jobs, so in 1872 a branch of the Ladies' Christian Union was founded to locate jobs—a branch that eventually became the Young Women's Christian Association (YWCA).

The LCU raised money to buy brownstone buildings and convert them into housing for young working women. Throughout financial panics, depressions, and wars, the LCU created vital housing opportunities. In 2000, the LCU decided to sell these houses to establish an endowment fund. With this fund, the LCU would be able to provide New York City educational institutions with housing grants to assist female students in financial need. In 2003, the LCU officially became known as the LCU Foundation.

Since its inception, the LCU Foundation has been concerned with providing women in New York City with safe and affordable housing. The cost of housing in New York City presents a barrier for women of limited financial means to live and learn here. We believe that by alleviating this burden, we are not only improving the quality of their lives but transforming their families and the communities that they in turn will serve.

Please give today so that we can help many more worthy students like Adrianny Rodriguez reach their full potential and make our world a better place. Tax deductible contributions may be made safely and securely at lucfoundation.org or by mail using the enclosed envelope.



352 Seventh Avenue - Suite 801
New York, NY 10001
212.627.4555

lucfoundation.org



LCU FOUNDATION
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2010 AND 2009

**LCU FOUNDATION
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4
Notes to financial statements	5 - 10
Additional Information	
Independent auditors' report on additional information	11
Schedule I - general and administrative expenses	12



CITRINCOOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LCU Foundation

We have audited the accompanying statements of financial position of LCU Foundation ("LCU") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of LCU'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 consideration of 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 LCU's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 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 LCU Foundation as of December 31, 2010 and 2009, and its changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2009, LCU changed its method of accounting for uncertainty in income taxes.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2011

LCU FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 897,195	\$ 727,792
Investments, at fair value	15,924,805	15,245,928
Prepaid expenses	2,380	4,901
Prepaid and refundable income taxes	-	16,899
Other receivable	<u>1,420</u>	<u>3,075</u>
Total current assets	16,825,800	15,998,595
Fixed assets, less accumulated depreciation of \$24,584 and \$20,416 in 2010 and 2009, respectively	10,150	14,318
Security deposits	<u>10,282</u>	<u>10,282</u>
TOTAL ASSETS	<u>\$ 16,846,232</u>	<u>\$ 16,023,195</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,200	\$ 200
Taxes payable	<u>624</u>	<u>1,338</u>
Total current liabilities	<u>9,824</u>	<u>1,538</u>
Commitments (Note 5)		
Net assets:		
Unrestricted	16,818,408	16,003,657
Permanently restricted	<u>18,000</u>	<u>18,000</u>
Total net assets	<u>16,836,408</u>	<u>16,021,657</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,846,232</u>	<u>\$ 16,023,195</u>

See accompanying notes to financial statements.

LCU FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010		2009			
	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted
Revenues, gains and other support:						
Dividend, interest and other income, net	\$ 467,329	\$ 467,329	\$ -	\$ 418,463	\$ 418,463	\$ -
Net realized and unrealized gains on investments	992,288	992,288	-	2,535,177	2,535,177	-
Contributions	<u>57,050</u>	<u>57,050</u>	-	<u>31,009</u>	<u>31,009</u>	-
Total revenues, gains and other support	<u>1,516,667</u>	<u>1,516,667</u>	-	<u>2,984,649</u>	<u>2,984,649</u>	-
Expenses:						
Grants	507,000	507,000	-	430,000	430,000	-
General and administrative	<u>194,916</u>	<u>194,916</u>	-	<u>209,158</u>	<u>209,158</u>	-
Total expenses	<u>701,916</u>	<u>701,916</u>	-	<u>639,158</u>	<u>639,158</u>	-
Increase in net assets	814,751	814,751	-	2,345,491	2,345,491	-
Net assets - beginning	<u>16,021,657</u>	<u>16,003,657</u>	<u>18,000</u>	<u>13,676,166</u>	<u>13,658,166</u>	<u>18,000</u>
NET ASSETS - ENDING	<u>\$ 16,836,408</u>	<u>\$ 16,818,408</u>	<u>\$ 18,000</u>	<u>\$ 16,021,657</u>	<u>\$ 16,003,657</u>	<u>\$ 18,000</u>

See accompanying notes to financial statements.

**LCU FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase in net assets	\$ 814,751	\$ 2,345,491
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	4,168	4,773
Loss on sale of investments	669,104	1,315,965
Unrealized gain on investments	(1,661,392)	(3,851,142)
Distributive share of income	(13,830)	-
Changes in assets and liabilities:		
Prepaid expenses	2,521	4,795
Accounts payable and accrued expenses	9,000	28,738
Prepaid and refundable taxes	16,899	(16,899)
Other receivable	1,655	2,737
Income taxes payable	(714)	-
Net cash used in operating activities	<u>(157,838)</u>	<u>(165,542)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	6,695,828	3,633,198
Purchase of investments	<u>(6,368,587)</u>	<u>(3,531,899)</u>
Net cash provided by investing activities	<u>327,241</u>	<u>101,299</u>
Net increase (decrease) in cash and cash equivalents	169,403	(64,243)
Cash and cash equivalents - beginning	<u>727,792</u>	<u>792,035</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 897,195</u>	<u>\$ 727,792</u>

See accompanying notes to financial statements.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

LCU Foundation ("LCU") invests in the future of women pursuing careers that serve the community. By easing the financial burden of New York City housing, LCU gives these women independence and the opportunity to devote themselves to their education. LCU provides housing grants to educational institutions located in New York City.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. LCU classifies net assets, revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics are combined into similar categories, as follows:

- Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are assets whose use has been limited by donors to a specific time period and/or purpose. There were no temporarily restricted net assets at December 31, 2010 and 2009.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained in perpetuity. At December 31, 2010 and 2009, funds to be held in perpetuity, the income from which is unrestricted, amounted to \$18,000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

LCU classifies highly liquid investments with maturity dates of three months or less when purchased as cash equivalents. Cash balances are maintained at a financial institution and a brokerage firm. At times, LCU maintains balances in excess of the insured amounts.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Depreciation

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using both straight-line and accelerated methods over the estimated useful lives of the assets, which are as follows:

Equipment	7 years
Furniture and fixtures	7 years
Computers	5 years
Leasehold improvements	15 years

Cash Flow

Net cash provided by operating activities for the years ended December 31, 2010 and 2009, reflects \$1,312 and \$0, respectively, of cash payments for an excise tax on investment income.

Fair Value Measurements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This update amends FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, to require new disclosures for significant transfers in and out of Level 1 and Level 2 fair value measurements, disaggregation regarding classes of assets and liabilities, valuation techniques, and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 or Level 3. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010. LCU adopted certain of the relevant disclosure provisions of ASU 2010-06 on January 1, 2010, and will adopt certain other provisions on January 1, 2011.

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LCU has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

On January 1, 2009, LCU adopted, prospectively, new accounting guidance found in FASB ASC 820 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Adoption of the new guidance did not have a material impact on LCU's financial statements.

Income Taxes

LCU is an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, LCU is subject to minimum distribution requirements and an excise tax on net investment income.

On January 1, 2009, LCU adopted the new standard regarding accounting for uncertainty in income taxes. LCU is required to apply the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, balance sheet classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of the standard did not have a material effect on LCU's financial statements.

LCU files income tax returns within the U.S. federal jurisdiction and in New York State and local jurisdictions. LCU is no longer subject to U.S. federal, state, or local income tax examinations by taxing authorities for years before 2007.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, LCU has evaluated subsequent events through May 3, 2011, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3. INVESTMENTS

Investments, which consist of mutual funds/investments and an investment in a private investment fund, are stated at fair value. Accordingly, the net gains from investment activities for the year represent the net change in the carrying value of securities owned as of the date of the statement of financial position, as well as the net gain recognized from the sale of securities. For the years ended December 31, 2010 and 2009, there was an unrealized gain of \$1,661,392 and \$3,851,143, respectively. Advisory fees for the years ended December 31, 2010 and 2009, were \$50,000 and \$52,500, respectively, and are netted against investment income.

Investments consisted of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Mutual funds/investments at cost	\$ 13,652,606	\$ 16,241,296
Private investment fund, at cost	1,600,000	-
Unrealized gain (losses)	<u>672,199</u>	<u>(995,368)</u>
Investments, at fair value	<u>\$ 15,924,805</u>	<u>\$ 15,245,928</u>

NOTE 4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 16,520	\$ 16,520
Leasehold improvements	7,820	7,820
Office equipment	2,020	2,020
Computer	<u>8,374</u>	<u>8,374</u>
	34,734	34,734
Less: accumulated depreciation	<u>(24,584)</u>	<u>(20,416)</u>
Fixed assets, net	<u>\$ 10,150</u>	<u>\$ 14,318</u>

Depreciation expense was \$4,168 and \$4,773 for the years ended December 31, 2010 and 2009, respectively.

NOTE 5. COMMITMENTS

Grants

At its February 10, 2011 board meeting, LCU approved grants to educational institutions and charitable organizations in the amount of \$530,000 for the calendar year 2011.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 5. COMMITMENTS (CONTINUED)

Operating Leases

On December 2, 2005, LCU entered into a ten-year and three-month lease agreement for new office space commencing on March 1, 2006.

The minimum rental payments for each of the next five years and thereafter are as follows:

<u>Year ending December 31:</u>	
2011	\$ 42,000
2012	43,000
2013	44,000
2014	45,000
2015	46,000
Thereafter	<u>18,000</u>
Total minimum lease payments	<u>\$ 238,000</u>

Rent expense for the years ended December 31, 2010 and 2009, totaled \$40,484 and \$39,338, respectively.

NOTE 6. EMPLOYEE BENEFIT PLAN

LCU has a SIMPLE IRA Plan that plan provides for all employees to participate in an elective deferral and for LCU to provide for a 3% matching contribution up to an aggregate of \$6,000. During 2010 and 2009, LCU contributed \$1,236 and \$1,686, respectively, to the retirement plan.

NOTE 7. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

As of December 31, 2010 and 2009, LCU's investments are considered Level 1 and Level 2 within the valuation hierarchy valued based upon quoted prices available in active markets for identical investments.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

<u>December 31, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Valuation Technique</u>
Money market funds	\$ 836,561	\$ -	\$ -	\$ 836,561	(a)
Mutual funds	14,192,863	-	-	14,192,863	(a)
Private investment fund	-	1,731,942	-	1,731,942	(a)
	<u>\$ 15,029,424</u>	<u>\$ 1,731,942</u>	<u>\$ -</u>	<u>\$ 16,761,366</u>	

<u>December 31, 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Valuation Technique</u>
Money market funds	\$ 695,666	\$ -	\$ -	\$ 695,666	(a)
Mutual funds	15,245,928	-	-	15,245,928	(a)
	<u>\$ 15,941,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,941,594</u>	

As of December 31, 2010 LCU has an investment in HammondAssociates Access Equity Enhanced Fund, L.P. (the "Fund"). The Fund is an open-end private investment fund currently offering monthly subscription and redemption options to investors. Investments in the Fund can be redeemed monthly with 15 days' prior notice, and there is no lock-up period or redemption gate inhibiting redemptions. As of December 31, 2010, the Fund's investment portfolio was held in Level 1 and Level 2 as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments in securities, at fair value	\$ 63,463,939	\$ -	\$ -	\$ 63,463,939
Investment in affiliated private investment fund	-	55,237,046	-	55,237,046
Unrealized appreciation on futures contracts	122,638	-	-	122,638
Total assets	<u>\$ 63,586,577</u>	<u>\$ 55,237,046</u>	<u>\$ -</u>	<u>\$ 118,823,623</u>
Liabilities:				
Securities sold, not yet purchased, at fair value	\$ 4,296,151	\$ -	\$ -	\$ 4,296,151
Unrealized depreciation on futures contracts	67,340	-	-	67,340
Options written, at fair value	76,190	-	-	76,190
Total liabilities	<u>\$ 4,439,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,439,681</u>

ADDITIONAL INFORMATION



CITRINCOOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
LCU Foundation

Our report on our audits of the basic financial statements of LCU Foundation for the years ended December 31, 2010 and 2009, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the schedules of expenses on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2011

LCU FOUNDATION
SCHEDULE I - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Salaries and wages	\$ 64,000	\$ 89,109
Rent and utilities	35,424	38,971
Professional fees	23,955	24,284
Payroll taxes and employee welfare	7,870	8,059
Fundraising expenses	6,118	-
Insurance	5,193	8,848
Depreciation	4,168	4,773
Printing and postage	14,201	4,215
Telephone	3,513	4,030
Temporary salaries	708	3,156
Equipment rentals	1,836	2,235
Repairs and maintenance	902	1,809
Professional dues	1,878	1,696
Employee benefit plans	1,236	1,686
Data processing	844	1,050
Excise tax	10,312	7,638
Miscellaneous	7,151	7,599
Events	<u>5,607</u>	<u>-</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ <u>194,916</u>	\$ <u>209,158</u>

See independent auditors' report on additional information.

LCU FOUNDATION
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2010 AND 2009

**LCU FOUNDATION
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4
Notes to financial statements	5 - 10
Additional Information	
Independent auditors' report on additional information	11
Schedule I - general and administrative expenses	12



CITRINCOOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LCU Foundation

We have audited the accompanying statements of financial position of LCU Foundation ("LCU") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of LCU'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 consideration of 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 LCU's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 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 LCU Foundation as of December 31, 2010 and 2009, and its changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2009, LCU changed its method of accounting for uncertainty in income taxes.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2011

LCU FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 897,195	\$ 727,792
Investments, at fair value	15,924,805	15,245,928
Prepaid expenses	2,380	4,901
Prepaid and refundable income taxes	-	16,899
Other receivable	<u>1,420</u>	<u>3,075</u>
Total current assets	16,825,800	15,998,595
Fixed assets, less accumulated depreciation of \$24,584 and \$20,416 in 2010 and 2009, respectively	10,150	14,318
Security deposits	<u>10,282</u>	<u>10,282</u>
TOTAL ASSETS	<u>\$ 16,846,232</u>	<u>\$ 16,023,195</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,200	\$ 200
Taxes payable	<u>624</u>	<u>1,338</u>
Total current liabilities	<u>9,824</u>	<u>1,538</u>
Commitments (Note 5)		
Net assets:		
Unrestricted	16,818,408	16,003,657
Permanently restricted	<u>18,000</u>	<u>18,000</u>
Total net assets	<u>16,836,408</u>	<u>16,021,657</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,846,232</u>	<u>\$ 16,023,195</u>

See accompanying notes to financial statements.

LCU FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted
Revenues, gains and other support:						
Dividend, interest and other income, net	\$ 467,329	\$ 467,329	\$ -	\$ 418,463	\$ 418,463	\$ -
Net realized and unrealized gains on investments	992,288	992,288	-	2,535,177	2,535,177	-
Contributions	<u>57,050</u>	<u>57,050</u>	-	<u>31,009</u>	<u>31,009</u>	-
Total revenues, gains and other support	<u>1,516,667</u>	<u>1,516,667</u>	-	<u>2,984,649</u>	<u>2,984,649</u>	-
Expenses:						
Grants	507,000	507,000	-	430,000	430,000	-
General and administrative	<u>194,916</u>	<u>194,916</u>	-	<u>209,158</u>	<u>209,158</u>	-
Total expenses	<u>701,916</u>	<u>701,916</u>	-	<u>639,158</u>	<u>639,158</u>	-
Increase in net assets	814,751	814,751	-	2,345,491	2,345,491	-
Net assets - beginning	<u>16,021,657</u>	<u>16,003,657</u>	<u>18,000</u>	<u>13,676,166</u>	<u>13,658,166</u>	<u>18,000</u>
NET ASSETS - ENDING	<u>\$ 16,836,408</u>	<u>\$ 16,818,408</u>	<u>\$ 18,000</u>	<u>\$ 16,021,657</u>	<u>\$ 16,003,657</u>	<u>\$ 18,000</u>

See accompanying notes to financial statements.

**LCU FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase in net assets	\$ 814,751	\$ 2,345,491
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	4,168	4,773
Loss on sale of investments	669,104	1,315,965
Unrealized gain on investments	(1,661,392)	(3,851,142)
Distributive share of income	(13,830)	-
Changes in assets and liabilities:		
Prepaid expenses	2,521	4,795
Accounts payable and accrued expenses	9,000	28,738
Prepaid and refundable taxes	16,899	(16,899)
Other receivable	1,655	2,737
Income taxes payable	(714)	-
Net cash used in operating activities	<u>(157,838)</u>	<u>(165,542)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	6,695,828	3,633,198
Purchase of investments	<u>(6,368,587)</u>	<u>(3,531,899)</u>
Net cash provided by investing activities	<u>327,241</u>	<u>101,299</u>
Net increase (decrease) in cash and cash equivalents	169,403	(64,243)
Cash and cash equivalents - beginning	<u>727,792</u>	<u>792,035</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 897,195</u>	<u>\$ 727,792</u>

See accompanying notes to financial statements.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

LCU Foundation ("LCU") invests in the future of women pursuing careers that serve the community. By easing the financial burden of New York City housing, LCU gives these women independence and the opportunity to devote themselves to their education. LCU provides housing grants to educational institutions located in New York City.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. LCU classifies net assets, revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics are combined into similar categories, as follows:

- Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are assets whose use has been limited by donors to a specific time period and/or purpose. There were no temporarily restricted net assets at December 31, 2010 and 2009.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained in perpetuity. At December 31, 2010 and 2009, funds to be held in perpetuity, the income from which is unrestricted, amounted to \$18,000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

LCU classifies highly liquid investments with maturity dates of three months or less when purchased as cash equivalents. Cash balances are maintained at a financial institution and a brokerage firm. At times, LCU maintains balances in excess of the insured amounts.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Depreciation

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using both straight-line and accelerated methods over the estimated useful lives of the assets, which are as follows:

Equipment	7 years
Furniture and fixtures	7 years
Computers	5 years
Leasehold improvements	15 years

Cash Flow

Net cash provided by operating activities for the years ended December 31, 2010 and 2009, reflects \$1,312 and \$0, respectively, of cash payments for an excise tax on investment income.

Fair Value Measurements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This update amends FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, to require new disclosures for significant transfers in and out of Level 1 and Level 2 fair value measurements, disaggregation regarding classes of assets and liabilities, valuation techniques, and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 or Level 3. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010. LCU adopted certain of the relevant disclosure provisions of ASU 2010-06 on January 1, 2010, and will adopt certain other provisions on January 1, 2011.

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LCU has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

On January 1, 2009, LCU adopted, prospectively, new accounting guidance found in FASB ASC 820 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Adoption of the new guidance did not have a material impact on LCU's financial statements.

Income Taxes

LCU is an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, LCU is subject to minimum distribution requirements and an excise tax on net investment income.

On January 1, 2009, LCU adopted the new standard regarding accounting for uncertainty in income taxes. LCU is required to apply the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, balance sheet classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of the standard did not have a material effect on LCU's financial statements.

LCU files income tax returns within the U.S. federal jurisdiction and in New York State and local jurisdictions. LCU is no longer subject to U.S. federal, state, or local income tax examinations by taxing authorities for years before 2007.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, LCU has evaluated subsequent events through May 3, 2011, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3. INVESTMENTS

Investments, which consist of mutual funds/investments and an investment in a private investment fund, are stated at fair value. Accordingly, the net gains from investment activities for the year represent the net change in the carrying value of securities owned as of the date of the statement of financial position, as well as the net gain recognized from the sale of securities. For the years ended December 31, 2010 and 2009, there was an unrealized gain of \$1,661,392 and \$3,851,143, respectively. Advisory fees for the years ended December 31, 2010 and 2009, were \$50,000 and \$52,500, respectively, and are netted against investment income.

Investments consisted of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Mutual funds/investments at cost	\$ 13,652,606	\$ 16,241,296
Private investment fund, at cost	1,600,000	-
Unrealized gain (losses)	<u>672,199</u>	<u>(995,368)</u>
Investments, at fair value	<u>\$ 15,924,805</u>	<u>\$ 15,245,928</u>

NOTE 4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 16,520	\$ 16,520
Leasehold improvements	7,820	7,820
Office equipment	2,020	2,020
Computer	<u>8,374</u>	<u>8,374</u>
	34,734	34,734
Less: accumulated depreciation	<u>(24,584)</u>	<u>(20,416)</u>
Fixed assets, net	<u>\$ 10,150</u>	<u>\$ 14,318</u>

Depreciation expense was \$4,168 and \$4,773 for the years ended December 31, 2010 and 2009, respectively.

NOTE 5. COMMITMENTS

Grants

At its February 10, 2011 board meeting, LCU approved grants to educational institutions and charitable organizations in the amount of \$530,000 for the calendar year 2011.

**LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 5. COMMITMENTS (CONTINUED)

Operating Leases

On December 2, 2005, LCU entered into a ten-year and three-month lease agreement for new office space commencing on March 1, 2006.

The minimum rental payments for each of the next five years and thereafter are as follows:

<u>Year ending December 31:</u>	
2011	\$ 42,000
2012	43,000
2013	44,000
2014	45,000
2015	46,000
Thereafter	<u>18,000</u>
Total minimum lease payments	<u>\$ 238,000</u>

Rent expense for the years ended December 31, 2010 and 2009, totaled \$40,484 and \$39,338, respectively.

NOTE 6. EMPLOYEE BENEFIT PLAN

LCU has a SIMPLE IRA Plan that plan provides for all employees to participate in an elective deferral and for LCU to provide for a 3% matching contribution up to an aggregate of \$6,000. During 2010 and 2009, LCU contributed \$1,236 and \$1,686, respectively, to the retirement plan.

NOTE 7. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

As of December 31, 2010 and 2009, LCU's investments are considered Level 1 and Level 2 within the valuation hierarchy valued based upon quoted prices available in active markets for identical investments.

LCU FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

<u>December 31, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Valuation Technique</u>
Money market funds	\$ 836,561	\$ -	\$ -	\$ 836,561	(a)
Mutual funds	14,192,863	-	-	14,192,863	(a)
Private investment fund	-	1,731,942	-	1,731,942	(a)
	<u>\$ 15,029,424</u>	<u>\$ 1,731,942</u>	<u>\$ -</u>	<u>\$ 16,761,366</u>	

<u>December 31, 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Valuation Technique</u>
Money market funds	\$ 695,666	\$ -	\$ -	\$ 695,666	(a)
Mutual funds	15,245,928	-	-	15,245,928	(a)
	<u>\$ 15,941,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,941,594</u>	

As of December 31, 2010 LCU has an investment in Hammond Associates Access Equity Enhanced Fund, L.P. (the "Fund"). The Fund is an open-end private investment fund currently offering monthly subscription and redemption options to investors. Investments in the Fund can be redeemed monthly with 15 days' prior notice, and there is no lock-up period or redemption gate inhibiting redemptions. As of December 31, 2010, the Fund's investment portfolio was held in Level 1 and Level 2 as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments in securities, at fair value	\$ 63,463,939	\$ -	\$ -	\$ 63,463,939
Investment in affiliated private investment fund	-	55,237,046	-	55,237,046
Unrealized appreciation on futures contracts	122,638	-	-	122,638
Total assets	<u>\$ 63,586,577</u>	<u>\$ 55,237,046</u>	<u>\$ -</u>	<u>\$ 118,823,623</u>
Liabilities:				
Securities sold, not yet purchased, at fair value	\$ 4,296,151	\$ -	\$ -	\$ 4,296,151
Unrealized depreciation on futures contracts	67,340	-	-	67,340
Options written, at fair value	76,190	-	-	76,190
Total liabilities	<u>\$ 4,439,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,439,681</u>

ADDITIONAL INFORMATION



CITRINCOOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
LCU Foundation

Our report on our audits of the basic financial statements of LCU Foundation for the years ended December 31, 2010 and 2009, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the schedules of expenses on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2011

LCU FOUNDATION
SCHEDULE I - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Salaries and wages	\$ 64,000	\$ 89,109
Rent and utilities	35,424	38,971
Professional fees	23,955	24,284
Payroll taxes and employee welfare	7,870	8,059
Fundraising expenses	6,118	-
Insurance	5,193	8,848
Depreciation	4,168	4,773
Printing and postage	14,201	4,215
Telephone	3,513	4,030
Temporary salaries	708	3,156
Equipment rentals	1,836	2,235
Repairs and maintenance	902	1,809
Professional dues	1,878	1,696
Employee benefit plans	1,236	1,686
Data processing	844	1,050
Excise tax	10,312	7,638
Miscellaneous	7,151	7,599
Events	<u>5,607</u>	<u>-</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ <u>194,916</u>	\$ <u>209,158</u>

See independent auditors' report on additional information.