

# L · C · U

F O U N D A T I O N

2009 Annual Report

Awarding grants that ease the burden of New York City housing costs for promising women students preparing for careers that serve the community.



*Dear LCU Foundation,*

*I am extremely grateful to have been selected to receive an LCU housing grant. This financial support alleviates an enormous burden, allowing me to focus on my academic pursuit of a career in the health care field as a physician.*

*I come from an extremely hard-working family that has always been financially supportive of my career. However, in the past year my father lost his job which has made it difficult for him to continue his support.*

*I have worked very hard, focusing on my studies and involving myself in community service activities. I served as the president of the local chapter of the Latino Medical School Association. This experience has given me a platform to bring awareness to health issues plaguing the Latino community. I now have a greater sense of the disparities that exist in the health care field and what I can do to make a difference.*

*Thank you once more for your generosity.*

*Mary Ann Garcia  
LCU Foundation Grantee  
The Sophie Davis School of Biomedical  
Education, The City College of New York*

# A Message from the President: 2009 - A Time for Reflection

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2009 marked a year of transition for the LCU Foundation.

While we remained steadfast in our commitment to providing economically disadvantaged, academically promising women with housing support as they pursue their education in New York City, the economic downturn reduced our grantmaking capacity by 50% from the previous year – leaving many eligible women without critically-needed assistance.

These external pressures led us to reassess the operations of our organization. Delivering on the promise we made last year, we have achieved a 30% decrease in operating expenses thus ensuring that our income from contributions and endowment is maximized for grantmaking. We were also successful in garnering grants from like-minded foundations and corporations and plan to increase these efforts in the coming year.

In addition, we launched a multi-faceted communications initiative that included an enhanced website and quarterly e-newsletter.

In the coming year, we will make the most of strategic communication products to promote the visibility of the foundation. This will include building out our website to feature more women served by the foundation, an enhanced e-newsletter and greater use of social media platforms such as Facebook, LinkedIn and YouTube. Most notably, we will produce a promotional film designed to highlight our current efforts, future goals and rich history.

Reflecting our belief that by enabling women to pursue their education in fields that give back to society, we help to build community – we will introduce an LCU Foundation Alumni Association that will serve to strengthen connections between those who have been served by the foundation.

We closed 2009 buoyed by an unprecedented number of year-end donors and an expanded and diversified Board of Directors. With renewed energy, economic optimism and clarity of purpose – we are well-positioned for the next decade of service.

Despite improvements in the overall health of the economy, the need persists for the support we provide. A recent article in the Wall Street Journal highlighted current increases in apartment rents in New York City and elsewhere as an indication of an improving economy. And while this may be true, the inverse effect is that this escalation of rental costs increases the affordability “gap” for those with limited means to live in New York City.

We invite you to join in our mission to aid women who are determined to complete their education and have a positive impact on our society. Your contributions are tax deductible and will allow the foundation to provide housing for a growing number of students.

On behalf of myself and my fellow board directors, I thank you for your interest in the LCU Foundation.



Carol Farris  
President  
LCU Foundation

## 2009 Grantee Institutions

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The LCU Foundation awards grants to selected institutions which in turn disburse stipends to individual women according to the foundation's grantee eligibility requirements. Grantees may be undergraduate or graduate students, enrolled in full-time or part-time programs. Women selected for funding reflect the diversity of New York City itself – not only in their chosen profession, but in their age, cultural background, race, ethnicity, religion, national origin, language, sexual identity and physical ability. Each grantee institution must be exempt from federal income tax under section 501 (c) (3) and not be a private foundation under section 509 (a) of the Internal Revenue Code of 1954.

Alvin Ailey Dance Foundation, Inc.  
The Bank Street College of Education  
City University of New York  
Hunter College of the City University of New York  
John Jay College of Criminal Justice  
Lehman College  
The General Theological Seminary of the Episcopal Church  
The Julliard School  
Mannes College The New School for Music  
New York Academy of Arts  
New York Academy of Dramatic Arts  
New York Studio School of Drawing, Painting and Sculpture  
New York University School of Social Work  
Phillips Beth Israel School of Nursing

## A Brief History of the LCU Foundation

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In 1858, a group of New York women organized the Ladies' Christian Union to meet the pressing need for safe, affordable housing for young single women working in New York City. Buying and furnishing a succession of brownstone buildings around New York City, the LCU housed young working women throughout financial panics, depressions, and wars. In 2000, the LCU sold the last of these houses to establish an endowment fund, which would work with various New York City educational institutions to offer housing grants to female students in financial need. In 2003, LCU officially became the LCU Foundation.

*“The LCU grant has given me an opportunity to reach my academic potential, and ultimately fulfill my career goals, by using the benefits of living near campus.”*

Ivana Martos, LCU Foundation Grantee  
The Sophie Davis School of Biomedical Education,  
The City College of New York

*“The money I got from LCU was wonderful, but I also want to mention the impact of knowing that there is somebody out there -- whom you don't even know -- who is willing to support you.”*

Kathy O'Connor, LCU Foundation Grantee  
Phillips Beth Israel School of Nursing

*“Thanks to the LCU Housing Grant, I worry less when it comes time to pay for rent at the beginning of each month. It's also thanks to the housing grant that I am now living in a safer neighborhood than I used to. The LCU Grant gave me some much needed relief that I am so grateful for given our economic standing.”*

Taeler Cyrus, LCU Foundation Grantee  
Alvin Ailey American Dance Theater

# Christina Anne Barber

## – An Act of Bravery

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Upon learning that she had been accepted into the master in fine arts program at the New York Academy of Art (NYAA), Christina Anne Barber recalls, “I was anxious about moving to New York. I knew that the city was filled with so much potential and opportunity, yet it represented such an unknown to me. Moreover, I was really concerned with whether or not I could afford to live here.” Being selected to receive a housing grant from the LCU Foundation alleviated her worries. “Quite simply, the LCU Foundation made it possible for me to be here – to pursue my dream.”

Now, with the first of two years under her belt, Christina remarks that it has been a challenge yet she has no regrets.

As a fourth generation Alaskan of Finnish descent, Christina grew up knowing the value of hard work. Raised by a single mother in Anchorage, Alaska, Christina and her five siblings experienced first-hand the difficulties in making ends meet. While her mother encouraged her passion for art, Christina was always concerned about making it a career. She studied biology at the University of Alaska, until an inspiring drawing class teacher clarified her sense of purpose. “I envisioned my life in sixty years and realized that I did not want to live with regrets; to wonder what could have been,” Christina says. “I decided to be brave and become an artist.”

Christina describes her art as inspired by nature. “My pieces often incorporate elements of migratory birds, animals and the landscapes that I grew up with in Alaska.” Her own migration from Alaska to New York City followed a natural, though twisting, path. After beginning her formal fine arts training at the University of Alaska, she received a scholarship to study at the Studio Art Centers International in Italy, where she spent a year learning drawing, painting, and performance art. Next, she won a scholarship to the Gerrit Rietveld Academie in Amsterdam, where she completed her Bachelors of Fine Arts degree.

Upon her return to Alaska, Christina taught college-level art for two years – an experience that convinced her to merge art with teaching. Noting that “teaching compels you to be intimately knowledgeable of the subject matter”, she recognized that she needed to deepen her own knowledge by pursuing a master’s degree. She was drawn to the New York Academy of Art because “the school truly embraces being a figurative art school. They are committed to continuing the tradition of life drawing that has been diluted by more contemporary art movements. They teach techniques here that are not being taught elsewhere.” NYAA’s intensive





PHOTOS BY GILBERT ESPINOSA

**The artist and a sampling of her work.**

human anatomy course, for example, has allowed Christina to integrate science and anatomy into her art.

Moreover, being in New York City has sparked Christina's curiosity about the juxtaposition of urban life and the natural world – a theme that she hopes to explore in her second year of study and beyond. “The exposure to such a radically different landscape has been so powerful for me – I would love for others to have similar experiences.”

After she completes her education, Christina plans to stay in New York City. “I want to see if I can make it here. I will always have my connections in Alaska, but it is so inspiring to be here.”

For more about Christina and to view her work, go to [cbarberart.com](http://cbarberart.com).

# Karen Davis Lawson – A Path Towards Ministry

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When Karen Davis Lawson was ordained priest in the Episcopal Church on January 16<sup>th</sup>, 2010, it was the culmination of a twenty-year path towards ministry, a path that depended upon varied assistance including an LCU Foundation grant during her last two years at the General Theological Seminary (GTS) in Manhattan.



“The seminary believes that Christian formation must take place within a community,” Lawson explained, “so it requires that its students live on campus and share in the regular worship life there.” Living at the seminary was difficult for Lawson, however, because she had extensive family responsibilities at home in Brooklyn. Having emigrated from Trinidad to New York as a teenager with her family in 1977, she lived in her parents’ home while earning a B.A. and later an M.A. from Brooklyn College, then working for several years as a City University administrator. When her parents could no longer work, she supported them as well as a disabled sister and her husband who lived with them.

Yet the call to ministry tugged continually at the back of Lawson’s mind. Baptized as an Anglican in Trinidad, she had become very active at St. Mark’s Church in Brooklyn—teaching Sunday school, serving on diocesan committees, studying to be a catechist—but finally took notice when other friends began telling her she ought to be a priest. She entered the discernment process for priesthood in the Episcopal Diocese of Long Island and was quickly accepted as a student at GTS. “My savings had to support the family in Brooklyn,” she recalls. “I finally took a deep breath and said, ‘Okay, God, I’m going in with you and let’s see how this works!’”

“I took the least expensive room I could get and applied for every scholarship I could find. The LCU grant paid for 95% of my cost for housing the last two years, which was a big load off my mind. I don’t know if I would have been able to finish if I had not had that grant.

“I had a masters degree that I had earned ten years before, going part time and at night, so I thought when I got to seminary it was going to be a breeze. Boy was I wrong! I had to relearn study skills. I had to learn a new language, because theology is a new language. And I had so much going on at home. My first month in seminary, my mother got sick and was in the hospital. The first year was so stressful I didn’t think I would be able to finish.

A supervisor for Clinical Pastoral Education, a required course in hospital chaplaincy which Lawson took at Weill Cornell Medical Center, helped Lawson see her path. “It’s a ministry of presence,” she explained. “People don’t need you to pray all the time. They need you to listen to their concerns. I had one particular patient in pediatrics whom I saw every day. And all he wanted was to be with somebody who was not going to talk to him about his condition, his treatment—someone who was not anxious. He just wanted to play cards. And that’s what I did—played cards with him every day. That’s what he needed then.”

Upon graduation, Lawson began to work as assistant to the Rev. Juan A. Quevedo-Bosch at two Episcopal churches—the bilingual Church of the Redeemer and St. George’s in Astoria, Queens. When asked what her greatest achievement thus far had been, she thought only a minute and said, “Learning to say mass in Spanish!” Though seminary studies are finished, Karen Lawson’s education continues apace.



# Board of Directors

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The LCU Foundation is chartered as a non-profit foundation under the laws of New York State. It is governed by a volunteer Board of Directors:

## **Board of Directors**

Carol M. Farris, President  
Holly Hughes, Vice President  
Elysa Greenblatt, Secretary  
Claire Richards, Treasurer  
Nancy Schmitt, Assistant Secretary  
Garry Michael Buff  
Susan Hartley-Coll  
Christine Evangelides Donovan  
Mary Donovan  
Michelle Forrest  
Lukas Haynes  
Martha P. Kelley  
Mindy C. Novack  
Kristen Reifsnyder  
Inge Reist  
Nancy Sherr Rizzo  
Karen Sisk  
Maurella van der Ree  
Angie Wang

## **Board Advisors**

Susan Leeds  
Rose McSween  
Malado Baldwin

## **Foundation Officer**

Sara Espinosa

*The list above reflects the composition of the Board of Directors as of June 2009.*

**Statements of Financial Position**  
**December 31, 2009 AND 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
Current assets:		
Cash and cash equivalents	\$ 727,792	\$ 792,035
Investments, at fair value	15,245,928	12,812,049
Prepaid expenses	4,901	9,696
Prepaid and refundable income taxes	16,899	28,300
Other receivables	3,075	5,812
	<hr/>	<hr/>
Total current assets	15,998,595	13,647,892
Fixed assets, at cost, less accumulated depreciation of \$20,416 and \$15,642 in 2009 and 2008, respectively	14,318	19,092
Security deposits	10,282	10,282
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 16,023,195</b>	<b>\$ 13,677,266</b>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable and accrued expenses	\$ 200	\$ 1,100
Taxes payable	1,338	-
	<hr/>	<hr/>
Total current liabilities	1,538	1,100
Commitments (Note 5)		
Net assets:		
Unrestricted	16,003,657	13,658,166
Permanently restricted	18,000	18,000
	<hr/>	<hr/>
Total net assets	16,021,657	13,676,166
<b>TOTAL LIABILITIES</b>	<b>\$ 16,023,195</b>	<b>\$ 13,677,266</b>

## Statements of Cash Flows for the Years Ended December 31, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 2,345,491	\$ (6,156,847)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	4,773	4,870
Loss on sale of investments	1,315,965	529,528
Unrealized loss (gain) on investments	(3,851,142)	5,066,555
Changes in assets and liabilities:		
Prepaid expenses	4,795	11,183
Accounts payable and accrued expenses	28,738	(5,702)
Prepaid and refundable taxes	(16,899)	(68,300)
Other receivables	2,737	(1,659)
Net cash used in operating activities	<u>(165,542)</u>	<u>(620,372)</u>
Cash flows from investing activities:		
Purchases of fixed assets	-	(2,323)
Proceeds from sale of investments	3,633,198	9,283,159
Purchase of investments	(3,531,899)	(8,018,862)
Net cash provided by investing activities	101,299	1,261,974
Net increase (decrease) in cash and cash equivalents	(62,243)	641,602
Cash and cash equivalents - beginning	<u>792,035</u>	<u>150,433</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>727,792</u>	<u>792,035</u>

## Statements of Activities and Changes in Net Assets for the Years Ended December 31, 2009 AND 2008

	2009			2008		
	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted
Revenues, gains and other support:						
Dividend and interest income	\$419,508	\$419,508	\$ -	\$ 603,910	\$ 603,910	\$ -
Net realized and unrealized gains (losses) on investments	\$2,535,177	\$2,535,177	-	(5,596,083)	(5,596,083)	-
Contributions	31,009	31,009	-	23,089	23,809	-
Total revenues, gains and other support	<u>2,985,694</u>	<u>2,985,694</u>	<u>-</u>	<u>(4,969,084)</u>	<u>(4,969,084)</u>	<u>-</u>
Expenses:						
Grants	430,000	430,000	-	885,000	885,000	-
General and administrative	210,203	210,203	-	302,763	302,763	-
Total expenses	<u>640,203</u>	<u>640,203</u>	<u>-</u>	<u>1,187,763</u>	<u>1,187,763</u>	<u>-</u>
Change in net assets	2,345,491	2,345,491	-	(6,156,847)	(6,156,847)	-
Net assets - beginning	<u>13,676,166</u>	<u>13,658,166</u>	<u>18,000</u>	<u>19,833,013</u>	<u>19,815,013</u>	<u>18,000</u>
<b>NET ASSETS - ENDING</b>	<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>

Help the LCU Foundation invest in the future.  
Make a contribution online today at [www.lcufoundation.org](http://www.lcufoundation.org).

LCU Foundation  
352 Seventh Avenue  
Suite 801  
New York, NY 10001  
212.627.4555

Find us at



**LCU FOUNDATION  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**LCU FOUNDATION  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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## 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, 2009 and 2008, 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, 2009 and 2008, 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, and effective January 1, 2008, adopted new accounting guidance with respect to fair value measurements.

  
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2010

**LCU FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 727,792	\$ 792,035
Investments, at fair value	15,245,928	12,812,049
Prepaid expenses	4,901	9,696
Prepaid and refundable income taxes	16,899	28,300
Other receivable	<u>3,075</u>	<u>5,812</u>
Total current assets	15,998,595	13,647,892
Fixed assets, at cost, less accumulated depreciation of \$20,416 and \$15,642 in 2009 and 2008, respectively	14,318	19,092
Security deposits	<u>10,282</u>	<u>10,282</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,023,195</u></b>	<b><u>\$ 13,677,266</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 200	\$ 1,100
Taxes payable	<u>1,338</u>	<u>-</u>
Total current liabilities	<u>1,538</u>	<u>1,100</u>
Commitments (Note 5)		
Net assets:		
Unrestricted	16,003,657	13,658,166
Permanently restricted	<u>18,000</u>	<u>18,000</u>
Total net assets	<u>16,021,657</u>	<u>13,676,166</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,023,195</u></b>	<b><u>\$ 13,677,266</u></b>

See accompanying notes to financial statements.



**LCU FOUNDATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009		2008			
	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted
Revenues, gains and other support:						
Dividend and interest income	\$ 419,508	\$ 419,508	\$ -	\$ 603,910	\$ 603,910	\$ -
Net realized and unrealized gains (losses) on investments	2,535,177	2,535,177	-	(5,596,083)	(5,596,083)	-
Contributions	<u>31,009</u>	<u>31,009</u>	-	<u>23,089</u>	<u>23,089</u>	-
Total revenues, gains and other support	<u>2,985,694</u>	<u>2,985,694</u>	-	<u>(4,969,084)</u>	<u>(4,969,084)</u>	-
Expenses:						
Grants	430,000	430,000	-	885,000	885,000	-
General and administrative	<u>210,203</u>	<u>210,203</u>	-	<u>302,763</u>	<u>302,763</u>	-
Total expenses	<u>640,203</u>	<u>640,203</u>	-	<u>1,187,763</u>	<u>1,187,763</u>	-
Change in net assets	2,345,491	2,345,491	-	(6,156,847)	(6,156,847)	-
Net assets - beginning	<u>13,676,166</u>	<u>13,658,166</u>	<u>18,000</u>	<u>19,833,013</u>	<u>19,815,013</u>	<u>18,000</u>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 16,021,657</u></b>	<b><u>\$ 16,003,657</u></b>	<b><u>\$ 18,000</u></b>	<b><u>\$ 13,676,166</u></b>	<b><u>\$ 13,658,166</u></b>	<b><u>\$ 18,000</u></b>

See accompanying notes to financial statements.

**LCU FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 2,345,491	\$ (6,156,847)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	4,773	4,870
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<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 727,792</u></b>	<b><u>\$ 792,035</u></b>

See accompanying notes to financial statements.

**LCU FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**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, 2009 and 2008.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained in perpetuity. At December 31, 2009 and 2008, funds to be held in perpetuity, the income from which is unrestricted, amounted to \$18,000.

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that established the FASB Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB to be applied to all nongovernmental entities. The Codification supersedes all of the existing accounting and reporting standards applicable to privately held companies upon its effective date and, subsequently, the FASB will not issue new standards in the form of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The guidance is not intended to change or alter existing GAAP. The guidance became effective for LCU for the fiscal year ended December 31, 2009. The guidance did not have an impact on LCU's financial position, results of operations or cash flows. All references to previous numbering of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts have been removed from the financial statements and accompanying notes.

In September 2006, the FASB issued authoritative guidance for fair value measurements, which has been codified in FASB ASC 820, *Fair Value Measurements and Disclosures*. The new guidance enhances existing guidance for measuring assets and liabilities at fair value. The guidance defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. The Company adopted the standard as amended by subsequent FASB standards beginning January 1, 2008, on a prospective basis, with respect to fair value measurements of

LCU FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements (Continued)

assets and liabilities that are measured at fair value on a recurring basis (at least annually) in periods subsequent to initial recognition. In February 2008, the FASB issued authoritative guidance that permits companies to partially defer the guidance for one year for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The remaining aspects of the fair value measurement standard were adopted prospectively beginning January 1, 2009, and did not have a material effect on the accompanying financial statements.

In May 2009, the FASB issued guidance related to subsequent events, which was primarily codified into FASB ASC 855, *Subsequent Events*. This guidance establishes general standards of accounting for and disclosure of events that occur after the date of the statement of financial position but before financial statements are issued. In particular, the guidance sets forth: (1) the period after the date of the statement of financial position during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the date of the statement of financial position in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the date of the statement of financial position.

FASB ASC 855 is effective for interim or annual periods ending after June 15, 2009, and is to be applied prospectively. LCU adopted FASB ASC 855 as of December 31, 2009. LCU has evaluated all events or transactions that occurred after December 31, 2009, up through the date that the financial statements were available to be issued on May 3, 2010.

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.

Use of Estimates

The preparation of financial statements in conformity with 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, 2009 AND 2008

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, 2009 and 2008, reflects cash payments of \$0 and \$73,040, respectively, for an excise tax on investment income.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, 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.

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.

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

**LCU FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Since the guidance related to accounting for uncertainty in income taxes discussed in "Recently adopted accounting pronouncements" above was not required for the 2008 financial statements, LCU continued to utilize its prior policy of accounting for contingencies with respect to accounting for uncertain tax positions in those financial statements. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of December 31, 2008, LCU had no uncertain tax positions that qualified for either recognition or disclosure in the 2008 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 tax authorities for years before 2006.

**NOTE 3. INVESTMENTS**

Investments, which consist of mutual funds/investments, 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, 2009 and 2008, there was an unrealized gain (loss) of \$3,851,143 and \$(5,066,555), respectively. Advisory fees for the years ended December 31, 2009 and 2008, were \$52,500 and \$57,000, respectively, and are netted against investment income.

Investments consisted of the following as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Investments, at cost	\$ 16,241,296	\$ 17,650,565
Unrealized losses	<u>(995,368)</u>	<u>(4,838,516)</u>
Investments, at fair value	<u>\$ 15,245,928</u>	<u>\$ 12,812,049</u>

**LCU FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 4. FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</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>(20,416)</u>	<u>(15,642)</u>
Fixed assets, net	<u>\$ 14,318</u>	<u>\$ 19,092</u>

Depreciation expense was \$4,773 and \$4,870 for the years ended December 31, 2009 and 2008, respectively.

**NOTE 5. COMMITMENTS**

Grants

At its February 11, 2010 board meeting, LCU approved grants to educational institutions and charitable organizations in the amount of \$507,000 for the calendar year 2010.

Operating Leases

On December 2, 2005, LCU entered into a ten-year and three-month lease agreement for new office space. The lease commenced 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>	
2010	\$ 40,000
2011	42,000
2012	43,000
2013	44,000
2014	45,000
Thereafter	<u>64,000</u>
Total minimum lease payments	<u>\$ 278,000</u>

Rent expense for the years ended December 31, 2009 and 2008, totaled \$40,016 and \$39,765, 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 2009 and 2008, LCU contributed \$1,686 and \$4,039, respectively, to the retirement plan.

**LCU FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 7. FAIR VALUE MEASUREMENTS**

As of December 31, 2009 and 2008, LCU's investments are considered Level 1 within the valuation hierarchy, which are valued based upon quoted prices available in active markets for identical investments.

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

<u>December 31, 2008</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 779,719	\$ -	\$ -	\$ 779,719
Mutual funds	<u>12,812,049</u>	<u>-</u>	<u>-</u>	<u>12,812,049</u>
	<u>\$ 13,591,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,591,768</u>



**ADDITIONAL INFORMATION**

## 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, 2009 and 2008, 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.

May 3, 2010

  
CERTIFIED PUBLIC ACCOUNTANTS

**LCU FOUNDATION**  
**SCHEDULE I - GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Salaries and wages	\$ 89,109	\$ 120,911
Rent and utilities	40,016	39,765
Professional fees	24,284	26,065
Payroll taxes and employee welfare	8,059	11,227
Miscellaneous	7,599	13,848
Insurance	8,848	8,935
Depreciation	4,773	4,870
Printing and postage	4,215	5,025
Telephone	4,030	2,584
Temporary salaries	3,156	6,498
Equipment rentals	2,235	1,853
Repairs and maintenance	1,809	9,077
Professional dues	1,696	1,600
Employee benefit plans	1,686	4,039
Data processing	1,050	1,351
Excise tax	7,638	6,391
Contributions	-	500
Events	-	<u>38,224</u>
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>\$ <u>210,203</u></b>	<b>\$ <u>302,763</u></b>

See independent auditors' report on additional information.