

HOUSTON COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

GAINER DONNELLY & DESROCHES

HOUSTON COMMUNITY COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Houston Community College Foundation
Houston, Texas

We have audited the accompanying statement of financial position of Houston Community College Foundation (the "Foundation"), a Texas nonprofit Foundation, as of August 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation as of and for the year ended August 31, 2007, were audited by other auditors whose report dated January 30, 2008, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Houston Community College Foundation as of August 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gainer Donnelly & Desroches LLP

February 26, 2009

HOUSTON COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2008 AND 2007

ASSETS		2008	2007
CURRENT ASSETS:			
Cash and Cash Equivalents	\$	2,227,138	\$ 1,210,618
Contributions Receivable		442,139	110,000
Interest Receivable		4,472	6,266
Investments, at Fair Value		<u>172,581</u>	<u>-</u>
Total Current Assets		<u>2,846,330</u>	<u>1,326,884</u>
NONCURRENT ASSETS:			
Cash and Cash Equivalents, Restricted for Endowments		85,411	85,171
Contributions Receivable		332,394	-
Investments, at Fair Value, Restricted for Endowments		1,177,703	1,105,761
Fixed Assets, Net		<u>9,912</u>	<u>23,129</u>
Total Noncurrent Assets		<u>1,605,420</u>	<u>1,214,061</u>
TOTAL ASSETS	\$	<u><u>4,451,750</u></u>	\$ <u><u>2,540,945</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:			
Due to Affiliate	\$	<u>98,987</u>	\$ <u>182,265</u>
COMMITMENTS AND CONTINGENCIES			
NET ASSETS:			
Unrestricted		148,128	94,095
Temporarily Restricted		2,941,521	1,080,123
Permanently Restricted		<u>1,263,114</u>	<u>1,184,462</u>
Total Net Assets		<u>4,352,763</u>	<u>2,358,680</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>4,451,750</u></u>	\$ <u><u>2,540,945</u></u>

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

HOUSTON COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:								
Contributions and Donations	\$ 34,987	\$ 2,352,840	\$ 78,652	\$ 2,466,479	\$ 55,980	\$ 812,397	\$ 86,958	\$ 955,335
Interest and Dividend Income	-	91,511	-	91,511	128	97,092	-	97,220
Special Event Contributions, Net	350,928	-	-	350,928	-	-	-	-
In-Kind Revenue	922,297	-	-	922,297	735,817	-	-	735,817
Net Realized and Unrealized Gain (Loss) on Investments	(97,096)	-	-	(97,096)	10,201	-	-	10,201
Net Assets Released from Restrictions	582,953	(582,953)	-	-	582,118	(582,118)	-	-
Total Revenues	1,794,069	1,861,398	78,652	3,734,119	1,384,244	327,371	86,958	1,798,573
EXPENSES:								
Program Services:								
Scholarships	656,123	-	-	656,123	575,957	-	-	575,957
Support Services:								
Fundraising	164,910	-	-	164,910	6,162	-	-	6,162
Administration	919,003	-	-	919,003	796,918	-	-	796,918
Total Support Services	1,083,913	-	-	1,083,913	803,080	-	-	803,080
Total Expenses	1,740,036	-	-	1,740,036	1,379,037	-	-	1,379,037
INCREASE IN NET ASSETS	54,033	1,861,398	78,652	1,994,083	5,207	327,371	86,958	419,536
NET ASSETS, BEGINNING OF YEAR	94,095	1,080,123	1,184,462	2,358,680	88,888	752,752	1,097,504	1,939,144
NET ASSETS, END OF YEAR	\$ 148,128	\$ 2,941,521	\$ 1,263,114	\$ 4,352,763	\$ 94,095	\$ 1,080,123	\$ 1,184,462	\$ 2,358,680

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

HOUSTON COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 1,994,083	\$ 419,536
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Contributions Restricted for Permanent Endowments	(78,652)	(86,958)
Depreciation	13,217	13,216
Net Realized and Unrealized (Gain) Loss on Investments		
(Including Expenses of \$10,039 in 2008 and \$3,489 in 2007)	97,096	(10,201)
(Increase) Decrease in Operating Assets:		
Contributions Receivable	(664,533)	(102,535)
Interest Receivable	1,794	(6,266)
Prepaid Expense	-	1,989
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	-	(18,990)
Due to an Affiliate	(83,278)	95,285
Total Adjustments	<u>(714,356)</u>	<u>(114,460)</u>
Net Cash Provided by Operating Activities	<u>1,279,727</u>	<u>305,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Purchases and Sales, Net	<u>(341,619)</u>	<u>(122,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Permanent Endowments	<u>78,652</u>	<u>86,958</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,016,760	269,681
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,295,789</u>	<u>1,026,108</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,312,549</u>	<u>\$ 1,295,789</u>
Reconciliation of Total Cash to Cash and Cash Equivalents		
in the Statements of Financial Position:		
Total Cash and Cash Equivalents	\$ 2,312,549	\$ 1,295,789
Less: Cash and Cash Equivalents Restricted for Endowments	<u>(85,411)</u>	<u>(85,171)</u>
Cash and Cash Equivalents in the Statements of Financial Position	<u>\$ 2,227,138</u>	<u>\$ 1,210,618</u>

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

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

The Houston Community College Foundation (the “Foundation”) was organized in the State of Texas on May 13, 1976 to function as a nonprofit foundation. The Foundation’s purpose is (1) to maintain, develop, increase and extend the facilities and services of the Houston Community College System (the “System”); (2) to provide broad educational opportunities to the System’s students, staff, faculty and the residents of the geographical area that the System serves; (3) to solicit and receive by gift, grant, devise, or otherwise, property, both real and personal, and to manage and administer the same, and (4) to make contributions, grants, gifts and transfers of property to or for the benefit of the System, or to or for the benefit of other organizations identified and associated with the System and which are tax-exempt organizations.

The Internal Revenue Service has determined that the Foundation is a publicly supported organization as defined in the Internal Revenue Code, Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, the Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation’s resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- Temporarily Restricted – Net assets subject to donor imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time.
- Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on the related investments for specific or general purposes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Contributions Receivable and Promises to Give

Contributions receivable are amounts recorded from unconditional promises to give by third parties. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Conditional promises to give are recorded as refundable advances when received, and are recognized as revenue when the conditions have been met.

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions Receivable and Promises to Give – Continued

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful, and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. The Foundation considers contributions receivable to be fully collectible.

Investments

Investments are mostly comprised of endowed funds invested for the purpose of generating income for scholarships. The Foundation carries investments in marketable securities at fair value. Unrealized gains and losses are included in the change in the net assets in the accompanying statements of activities. Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation.

Fixed Assets

Fixed assets are stated at cost, or if donated, at the approximate fair value on the date of donation. The Foundation follows the policy of capitalizing all expenditures for fixed assets equal to or in excess of \$5,000. The cost of maintenance and repairs of fixed assets is charged to expense as incurred. At August 31, 2008 and 2007, the Foundation's fixed assets were comprised of computer software and are depreciated on the straight-line basis over their estimated useful lives (3 years).

Contributions

The Foundation accounts for contributions in accordance with SFAS no. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor and is to be used in future periods is reported as an increase in temporarily restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted in perpetuity by the donor is recorded as permanently restricted net assets. In accordance with the donor restrictions, income earned from permanently restricted net assets are recorded as temporarily restricted net assets until such income is released from restrictions.

Gains/Losses on Investments

In accordance with the terms of the gift instruments, net unrealized and realized gains and losses are included in the accompanying financial statements as unrestricted net assets.

Under the laws of the State of Texas, the Board of Directors may appropriate for expenditure, for the uses and purposes for which the endowment is established, the net appreciation, realized and unrealized, in the fair value of the assets of an endowment in excess of the historic dollar value. The Board of Directors determines the amount of such appropriation annually. The aggregate unrealized gains and losses on donor-restricted endowment net asset balances are included in unrestricted net assets in the financial statements.

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Materials, Services, and Facilities

The System donates administrative services, materials, and office space to the Foundation. The value of administrative personnel services and office space provided by the System during 2008 and 2007 were approximately \$835,000 and \$736,000, respectively, and are included in unrestricted revenues and administrative expenses. Materials, services, and facilities donated to the Foundation by the System are mostly valued at the actual costs incurred by the System in making those in-kind donations. No amounts have been reflected in the accompanying financial statements for materials and volunteer services donated by other parties since no objective basis is available to measure the value of such materials and volunteer services.

Financial Instruments

The Foundation's financial instruments (primarily cash and cash equivalents, receivables and payables) are carried in the accompanying statements of financial position at amounts which reasonably approximate fair value.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Investment securities are exposed to various market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in fair values of investment securities will occur in the near term and that such change could materially affect the amounts recorded in the statement of financial position. The decline in the world's investment market in the fall of 2008 has had a negative impact on the investments held by the Foundation.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FAS 117-a, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Donor-Restricted Endowment Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures* (FAS 117-a), effective for fiscal years ending after December 15, 2008. The FSP applies to not-for-profit organizations with donor-restricted endowment funds. This FSP will provide guidance to not-for-profits subject to a state's adoption of an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements - Continued

FAS 117-a requires organizations to: (1) continue to classify a portion of a donor-restricted endowment fund as permanently restricted net assets, as determined by the organization's Board of Directors interpretation of relevant law; (2) continue to account for "underwater" funds as a reduction of unrestricted or temporarily restricted net assets, rather than as a reduction of permanently restricted net assets, and (3) disclose information to enable financial statement users to understand the net asset classification, net asset composition, spending policies, and related investment policies about its endowment funds. Required disclosures under FAS 117-a will include: (1) a description of the Board of Directors interpretation of the law that underlies the Foundation's net asset classification of donor-restricted endowment funds; (2) a description of the Foundation's endowment spending policies; (3) a description of the Foundation's endowment investment policies; (4) the composition of the Foundation's endowment by net asset class at the end of the period, and (5) a reconciliation of the beginning and ending balance of the Foundation's endowment in total and by net asset class.

NOTE 3 – PROGRAM AND SUPPORTING SERVICES

The cost of providing the various programs and activities of the Foundation has been summarized on a functional basis in the accompanying statement of activities.

The following program and supporting services are included in the statement of activities:

- Scholarships are payments made to the System for tuition and books on behalf of specified students, staff, and faculty of the System and the residents of the geographical area that the System serves.
- Fundraising activities are directed at soliciting and receiving funds, gifts, grants, and property to enable the Foundation to fulfill its purpose.
- Administration consists of general supporting services that are necessary for the Foundation's daily operations and coordination of program activities.

NOTE 4 – CREDIT RISKS

The Foundation maintains its cash balances in financial institutions with strong credit ratings. The balances are insured by the Federal Deposit Insurance Foundation up to \$250,000 and \$100,000 per bank at August 31, 2008 and 2007, respectively. Balances in the Foundation's bank accounts at times exceed federally insured credit limits. At August 31, 2008 and 2007, the Foundation did not have uninsured cash. In addition, as of August 31, 2008 and 2007, the Foundation had \$2,160,130 and \$1,155,718, respectively, in money market mutual funds with financial institutions, which were subject to uncollateralized custodial risks. Custodial risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment.

The Foundation's management believes that the Foundation's credit and custodial risk exposures are mitigated by the financial strength of the financial institutions in which the funds are held.

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – FAIR VALUE INSTRUMENTS

In September 2006 the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, effective January 1, 2008. SFAS No. 157 provides a revised definition of fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value information. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The fair value hierarchy in SFAS No. 157 prioritizes fair value measurements into three levels based on the nature of the inputs. Quoted prices in active markets for identical assets or liabilities have the highest priority (Level 1), followed by observable inputs from other than quoted prices, including prices for similar but not identical assets or liabilities (Level 2) and unobservable inputs, including the reporting entity's estimates of the assumptions that market participants would use, having the least priority (Level 3). Pursuant to FASB Staff Position FAS 157-2, the Foundation has delayed the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008.

The Board of Directors has adopted a specific investment objective for the Foundation. The investment objective is to invest all endowments, local, or other available funds to optimize the return on investment to the extent possible, balanced with the appropriate level of risk. The objective is pursued by holding mostly fixed income investments such as money market funds (cash equivalents) and corporate bonds; and publicly traded equities.

Fair value of financial assets measured on a recurring basis at August 31, 2008 and 2007 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in</u>	<u>Significant</u>	<u>Significant</u>
		<u>Active Markets</u>	<u>Other</u>	<u>Unobservable</u>
		<u>for Identical</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
	<u>Fair Value</u>			
August 31, 2008:				
Bonds	\$ 641,961	\$ 641,961	\$ -	\$ -
Equities	<u>708,323</u>	<u>708,323</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments	\$ <u>1,350,284</u>	\$ <u>1,350,284</u>	\$ <u>-</u>	\$ <u>-</u>
August 31, 2007:				
Bonds	\$ 567,195	\$ 567,195	\$ -	\$ -
Equities	<u>538,566</u>	<u>538,566</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments	\$ <u>1,105,761</u>	\$ <u>1,105,761</u>	\$ <u>-</u>	\$ <u>-</u>

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CONTRIBUTIONS RECEIVABLE

Contributions are due to be collected as follows at August 31:

	<u>2008</u>	<u>2007</u>
Less than One Year	\$ 442,139	\$ 110,000
One to Five Years	<u>332,394</u>	<u>-</u>
Total Contributions Receivable	\$ <u>774,533</u>	\$ <u>110,000</u>

NOTE 7 – FIXED ASSETS

The following is a summary of fixed assets, less accumulated depreciation, as of August 31:

	<u>2008</u>	<u>2007</u>
Computer Software	\$ 39,650	\$ 39,650
Less: Accumulated Depreciation	<u>29,738</u>	<u>16,521</u>
Fixed Assets, Net	\$ <u>9,912</u>	\$ <u>23,129</u>

Depreciation expense included in the statement of activities was \$13,217 and \$13,216 for the fiscal years ended August 31, 2008 and 2007, respectively.

NOTE 8 – UNRESTRICTED NET ASSETS

Unrestricted net assets are comprised of net assets that are not subject to donor-imposed stipulations as well as the aggregate amount of any deficiency in the donor-restricted endowments net asset balances. The aggregate amount of deficiency in the donor-restricted endowments net asset balances is adjusted each year with the net unrealized gain or loss on investments held for endowment funds. For the fiscal years ended August 31, 2008 and 2007, the aggregate amount of deficiency in the donor-restricted endowments net asset balances was increased by \$97,096 and decreased by \$10,201, respectively, representing the net unrealized gain/(loss) on investments held for endowment funds in those years. The balances comprising unrestricted net assets as of August 31, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Aggregate Deficiency of Donor-Restricted Endowment Net Asset Balances	\$ (118,579)	\$ (21,483)
Designated Unrestricted Net Assets	31,930	-
Undesignated Unrestricted Net Assets	<u>234,777</u>	<u>115,578</u>
Total Unrestricted Net Assets	\$ <u>148,128</u>	\$ <u>94,095</u>

Designated unrestricted net assets represent amounts approved by the Board of Directors to be awarded for scholarships that have not been disbursed to eligible students as of August 31.

HOUSTON COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

At August 31, temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Scholarships	\$ 2,836,360	\$ 1,080,123
Renovations and Beautification	<u>105,161</u>	<u>-</u>
Total Temporarily Restricted Net Assets	\$ <u>2,941,521</u>	\$ <u>1,080,123</u>

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent funds received by the Foundation to be held in perpetuity. The earnings on these funds are designated to fund specific scholarships and are included in temporarily restricted net assets until used.

NOTE 11 – SUPPORT AGREEMENT AND RELATED PARTY TRANSACTIONS

The Foundation and the System have entered into an agreement in which the System provides administrative support for Foundation activities at a level determined by the System to be appropriate, but only to the extent of availability of funds within the System's budget. Administrative support provided includes office space, an executive director and staff for the Foundation. The total support provided by the System to the Foundation in fiscal years ended August 31, 2008 and 2007 was approximately \$835,000 and \$736,000, respectively, and was included in the financial statements as unrestricted in-kind revenue.

The agreement term shall last until August 31, 2009, and is subject to an automatic extension on each ensuing September 1 unless either party elects not to extend the agreement, which will require a written notice by June 30 of the same year.

During the year, the Foundation remits scholarship funds to the System to cover tuition, books, and other student fees for specified students of the System. During the years ended August 31, 2008 and 2007, the Foundation remitted the total of \$445,248 and \$480,672, respectively, to the System which is included in scholarship expense in the accompanying financial statements. The total scholarship fund due from the Foundation to the System at August 31, 2008 and 2007 was \$98,987 and \$182,265, respectively. These amounts have been included in the due to affiliate balances in the accompanying financial statements.