

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AND
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2009 AND 2008

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
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YEARS ENDED DECEMBER 31, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
American Hotel and Lodging Educational Foundation, Inc.
American Hotel & Lodging Educational Institute

We have audited the accompanying consolidated statements of financial position of the American Hotel and Lodging Educational Foundation, Inc. and the American Hotel & Lodging Educational Institute as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Hotel and Lodging Educational Foundation, Inc. and the American Hotel & Lodging Educational Institute as of December 31, 2009 and 2008, and the changes in their net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
April 30, 2010

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

ASSETS	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,395,980	\$ 1,071,940
Accounts Receivable	1,220,203	1,460,891
Less: Allowance for Doubtful Accounts	<u>(167,922)</u>	<u>(167,070)</u>
Net Accounts Receivable	1,052,281	1,293,821
Promises to Give	503,497	447,618
Less: Reserve for Uncollectible Amounts	<u>(200,000)</u>	<u>(200,000)</u>
Net Promises to Give	303,497	247,618
Inventory	497,503	712,882
Prepaid Expenses and Deposits	290,008	290,520
Other Assets	<u>38,950</u>	<u>38,950</u>
Total Current Assets	3,578,219	3,655,731
INVESTMENTS	17,078,956	16,010,585
PROMISES TO GIVE, Net of Current Portion	88,502	318,099
Less: Discount to Present Value	<u>(3,000)</u>	<u>(13,000)</u>
Net Promises to Give	85,502	305,099
DEVELOPMENT COSTS		
Finished Goods, Net of Amortization	1,095,512	1,346,590
Work-in-Progress	<u>184,114</u>	<u>267,887</u>
Total Development Cost	1,279,626	1,614,477
PROPERTY AND EQUIPMENT		
Land	106,483	106,483
Building	880,165	880,165
Leasehold Improvements	873,396	871,750
Furniture, Fixtures, and Equipment	430,288	432,383
Computer Equipment and Software	1,089,766	1,052,820
Capital Lease Assets	<u>1,012,550</u>	<u>1,398,840</u>
Total Property and Equipment	4,392,648	4,742,441
Less: Accumulated Depreciation and Amortization	<u>(2,455,020)</u>	<u>(2,852,415)</u>
Net Property and Equipment	<u>1,937,628</u>	<u>1,890,026</u>
 Total Assets	 <u><u>\$ 23,959,931</u></u>	 <u><u>\$ 23,475,918</u></u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2009 AND 2008**

	2009	2008
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,300,257	\$ 1,185,514
Due to Affiliated Entities:		
American Hotel & Lodging Association	200,832	129,994
American Hotel Association Directory Corporation	7,231	7,231
Total Due to Affiliated Entities	208,063	137,225
Deferred Revenue	452,171	464,806
Liability for Returns	254,327	254,327
Capital Lease	247,379	281,564
Total Current Liabilities	2,462,197	2,323,436
CAPITAL LEASE , Net of Current Portion	473,080	234,248
DEFERRED RENT CREDIT	649,241	703,243
Total Liabilities	3,584,518	3,260,927
NET ASSETS		
Unrestricted:		
General	2,000,582	3,953,790
Designated	12,334,374	10,686,337
Total Unrestricted	14,334,956	14,640,127
Temporarily Restricted	1,561,613	1,096,020
Permanently Restricted	4,478,844	4,478,844
Total Net Assets	20,375,413	20,214,991
Total Liabilities and Net Assets	\$ 23,959,931	\$ 23,475,918

See accompanying Notes to Consolidated Financial Statements.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Product Activities:								
Sales of Educational Materials	\$ 8,348,277	\$ 19,750	\$ -	\$ 8,368,027	\$ 9,311,575	\$ 14,750	\$ -	\$ 9,326,325
Less Returns and Allowances	(880,794)	-	-	(880,794)	(785,071)	-	-	(785,071)
Net Sales of Educational Materials	7,467,483	19,750	-	7,487,233	8,526,504	14,750	-	8,541,254
Shipping and Handling	401,378	-	-	401,378	485,031	-	-	485,031
Total Product Contribution Activities	7,868,861	19,750	-	7,888,611	9,011,535	14,750	-	9,026,285
Seminars, Meetings and Certifications:								
Licenses	334,646	-	-	334,646	345,237	-	-	345,237
Seminars	155,689	-	-	155,689	160,075	-	-	160,075
Registrations and Fees	1,114,161	4,750	-	1,118,911	1,189,975	9,500	-	1,199,475
Total Service Contribution Activities	1,604,496	4,750	-	1,609,246	1,695,287	9,500	-	1,704,787
Fundraising and Support:								
Contributions - New Century Campaign	10,000	-	-	10,000	18,400	-	-	18,400
Special Events	204,532	75,225	-	279,757	219,577	79,000	-	298,577
Contributions - Other	199,713	39,562	-	239,275	199,944	49,017	2,500	251,461
Contribution from ALIS	927,860	-	-	927,860	1,346,850	-	-	1,346,850
Total Fundraising and Support	1,342,105	114,787	-	1,456,892	1,784,771	128,017	2,500	1,915,288
Investment Income:								
Interest and Dividends - Investments	314,944	180,444	-	495,388	501,797	189,007	-	690,804
Interest - Operating Account	16,253	-	-	16,253	54,756	-	-	54,756
Total Investment Income	331,197	180,444	-	511,641	556,553	189,007	-	745,560
Other:								
Sublease	90,976	-	-	90,976	83,845	-	-	83,845
Miscellaneous	1,144	-	-	1,144	15,092	-	-	15,092
Total Other Income	92,120	-	-	92,120	98,937	-	-	98,937
Reclass of Donor-Restricted								
Endowment Funds with Deficiencies	145,105	(145,105)	-	-	(176,729)	176,729	-	-
Net Assets Released From Restrictions:								
Grants and Scholarships	328,500	(328,500)	-	-	306,588	(306,588)	-	-
Release of Time Restrictions	188,218	(188,218)	-	-	526,631	(526,631)	-	-
	516,718	(516,718)	-	-	833,219	(833,219)	-	-
Total Revenue	11,900,602	(342,092)	-	11,558,510	13,803,573	(315,216)	2,500	13,490,857
EXPENSES								
Program Services:								
Grants and Scholarships	928,979	-	-	928,979	936,575	-	-	936,575
Publishing Activities	8,512,196	-	-	8,512,196	8,693,157	-	-	8,693,157
Seminars, Meetings and Certifications	1,735,675	-	-	1,735,675	1,635,392	-	-	1,635,392
Total Program Services	11,176,850	-	-	11,176,850	11,265,124	-	-	11,265,124
Supporting Services:								
Management and General	2,036,575	-	-	2,036,575	2,202,158	-	-	2,202,158
Fundraising	317,649	-	-	317,649	287,661	-	-	287,661
Total Supporting Services	2,354,224	-	-	2,354,224	2,489,819	-	-	2,489,819
Total Expenses	13,531,074	-	-	13,531,074	13,754,943	-	-	13,754,943
CHANGE IN NET ASSETS FROM OPERATIONS	(1,630,472)	(342,092)	-	(1,972,564)	48,630	(315,216)	2,500	(264,086)
Other Items:								
Realized Loss on Investments	(125,127)	(68,392)	-	(193,519)	(436,010)	(147,916)	-	(583,926)
Unrealized Gain (Loss) on Investments	1,450,428	876,077	-	2,326,505	(2,892,354)	(1,693,611)	-	(4,585,965)
Incentive Accrual	-	-	-	-	(50,000)	-	-	(50,000)
Adoption of Endowments	-	-	-	-	(108,472)	-	108,472	-
CHANGE IN NET ASSETS	(305,171)	465,593	-	160,422	(3,438,206)	(2,156,743)	110,972	(5,483,977)
Beginning Net Assets	14,640,127	1,096,020	4,478,844	20,214,991	18,078,333	3,252,763	4,367,872	25,698,968
ENDING NET ASSETS	\$ 14,334,956	\$ 1,561,613	\$ 4,478,844	\$ 20,375,413	\$ 14,640,127	\$ 1,096,020	\$ 4,478,844	\$ 20,214,991

See accompanying Notes to Consolidated Financial Statements.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 160,422	\$ (5,483,977)
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	659,730	564,230
Unrealized (Gain) Loss on Investments	(2,326,505)	4,585,965
Realized Loss on Sales of Investments	193,519	583,926
Allowance for Uncollectible Accounts	83,000	83,000
Loss on Disposal of Equipment	6,751	-
Changes in Assets and Liabilities:		
Accounts Receivable	241,540	286,991
Due from Affiliated Entities, Net	2,523	274,122
Inventory	215,379	(84,401)
Prepaid Expenses and Deposits	512	(45,229)
Other Assets	-	(38,950)
Promises to Give	80,718	346,981
Development Costs	334,851	(56,014)
Accounts Payable and Accrued Expenses	114,743	(259,796)
Due to Affiliated Entities, Net	68,315	(39,310)
Deferred Revenue	(12,635)	106,460
Deferred Rent Credit	(54,002)	(57,045)
Net Cash (Used in) Provided by Operating Activities	(231,139)	766,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(11,421,252)	(7,985,396)
Proceeds from Sales and Maturities of Investments	12,485,867	7,208,052
Purchases of Property and Equipment	(146,224)	(256,922)
Net Cash Provided by (Used in) Investing Activities	918,391	(1,034,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease Obligations	(363,212)	(310,835)
Net Cash Used in Financing Activities	(363,212)	(310,835)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	324,040	(578,148)
Cash and Cash Equivalents - Beginning of Period	1,071,940	1,650,088
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 1,395,980	\$ 1,071,940
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 52,374	\$ 65,549
Assets Purchased Through Capital Leases	\$ 567,859	\$ 620,400

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 ORGANIZATIONS

The American Hotel and Lodging Educational Foundation, Inc. (the "Foundation"), formerly named the American Hotel and Lodging Foundation, was incorporated in the state of New York in 1953. Its purposes include giving financial aid to organizations established and operated exclusively for charitable, scientific, or educational purposes; to create, grant and maintain scholarships for the study of hotel administration, operations and the hotel business generally by deserving individuals; and to make grants-in-aid to schools, colleges and other institutions to be used for educational purposes and to provide knowledge and scientific training concerning the hotel industry generally.

The American Hotel & Lodging Educational Institute (the "Institute"), formerly named the Educational Institute of the American Hotel & Motel Association, was incorporated in the state of Michigan in 1953. Its purpose includes the development of instructional material in hotel and motel management that is distributed directly to individuals, academic and industry markets.

In April 2002, the Boards of Trustees for the Foundation and Institute were reorganized such that members of each Organization's Board are now the same. By virtue of the commonality of the Boards and the control that exists over the Organizations, the financial statements of the Foundation and Institute have been consolidated. The Foundation and Institute continue to operate as separate entities, although activities of the Organizations may be consolidated into one of the legal entities in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and, as a result, all significant inter-company balances and transactions have been eliminated in consolidation.

Basis of Accounting

The Foundation and Institute prepare their consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Income Tax Status

The Foundation and Institute are exempt from the payment of income taxes on their exempt activities under Section 501(c)(3) of the Internal Revenue Code, and are classified as organizations that are not a private foundation under Section 509(a)(3) of the Code.

The Foundation and Institute have adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the Foundation's or Institute's financial statements. The Foundation and Institute file as tax-exempt organizations. The Foundation's and Institute's 2006 through 2009 tax years are open for examination by the IRS.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For consolidated financial statement purposes, the Foundation and Institute consider their overnight sweep accounts invested in repurchase agreements to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Inventory and Development Costs

The Institute's inventory is stated at the lower of cost, determined by the weighted average method, or market. Inventory consists solely of paper, printing, binding and other duplication costs of finished products: primarily textbooks, videotapes, and course materials.

Development costs consist of charges associated with specific projects (personnel costs, author fees, editing, etc.) that are either finished goods or work-in-progress. Development costs for finished goods projects are amortized to cost of materials sold when the product becomes available for sale using the sum-of-the-years-digits method over the estimated useful lives of the product, ranging from two to four years. The consolidated statements of activities include \$913,358 and \$796,700, in amortized development costs, under publishing activities, during 2009 and 2008, respectively.

Development costs associated with projects that are discontinued or deemed impaired are charged to cost of materials sold at the time management determines the project is no longer viable.

UPMIFA/ Endowments

During 2008 the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In August 2008 the FASB released Endowments of Not-for-Profit Organizations which provides guidance on the classification of endowment fund net assets for jurisdictions that have enacted versions of UPMIFA. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at fair value and include cash equivalents related to the portfolio.

Derivative Financial Instruments and Hedging Activities

The Foundation invests in a hedge fund that invests in various derivative instruments (e.g., options, warrants, futures, swap contracts, etc.). Derivative instruments are typically held to advance fund investment strategies to hedge investment risk to economically meet the objectives of the fund. The derivatives within the hedge fund that the Foundation invests in are recorded at estimated fair value and the resulting gains and losses are reflected as a component of investment income in the consolidated statements of activities.

Fair Value Measurements

The Foundation and the Institute account for a significant portion of their financial instruments at fair value or consider fair value in their measurement. The Foundation and Institute account for certain financial assets and liabilities at fair value under various accounting literature. The Foundation and Institute also account for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

The Foundation and the Institute have categorized their financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets and liabilities recorded on the consolidated statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation and Institute have the ability to access.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or non-active market.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets (3-25 years). Leasehold improvements are amortized over the remaining life of the lease agreement. Acquisitions of property and equipment equal or greater than \$1,000 and with a useful life of one year or more are capitalized.

Deferred Revenue

Deferred revenue consists principally of seminar and meeting registration fees that have been received in advance of the periods to which they relate and prepaid amounts received for educational materials that have not been shipped.

Liability for Returns

A liability for returns on sales of educational material has been established based upon management's estimate of future amounts to be returned.

Deferred Rent Obligations

The annual rent increase is being amortized over the life of the lease, and as a result, the Institute is recognizing rent expense on the straight-line basis over the lease term. The unamortized portion resulting from the difference between the amounts paid and expensed make up the deferred rent obligation on the consolidated statements of financial position.

Net Assets

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions. In order to account for limitations placed on the use of resources available to the Foundation and the Institute, their accounts are maintained in accordance with the principles of fund accounting. A description of each net asset group is as follows:

Unrestricted:

General - Represents unrestricted resources available for the support of general operations of the Foundation and Institute.

Board Designated - Represents unrestricted net assets, which have been designated by the Board of Trustees for use as directed by them such as the Institute's Development Fund. This fund represents unrestricted contributions received from donors that provide funding for educational initiatives such as the School to Career Work Program and the Experience Lodging Task Force or other items approved by the Board of Trustees.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Board Designated (Continued) - Unrestricted contributions received from donors that provide Board designated funds for the Foundation are unrestricted net assets that consist of the Allied Members Fund, American Hotel & Lodging Association Member State Association Fund, Hospitality, Lodging, Travel and Research (HLTRF) Fund, Hospitality 2000 Fund, New Century Campaign Fund and the Annual Giving Fund.

Temporarily Restricted - Represents contributions received from donors and earnings on permanently restricted net assets that are restricted for a specified purpose or time restricted.

Permanently Restricted Net Assets- Represents contributions received from donors who have specified that the corpus of their original and certain subsequent gifts be maintained in perpetuity. The net earnings from the investment of the corpus are temporarily restricted for the purpose of funding scholarships and grants as directed by the donors.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Personnel and overhead costs have been allocated among the functional activities benefited.

The Foundation considers all expenses other than the direct costs related to scholarships, grants and research publications to be supporting services expenses of the Foundation. This is principally based on the fact that the volunteer governance is involved in the scholarship and grant approval process and the related staff time is not directly attributable to such activities.

The Institute has allocated indirect costs such as salaries, benefits and general administrative costs to its program services based on the proportionate revenue derived by each program activity for financial reporting purposes. Only direct management and general expenses are considered to be supporting costs of the Institute and therefore do not include an allocation of indirect costs.

Shipping and Handling Costs

The Institute classifies shipping and handling costs as cost of goods sold and such costs are included in publishing activities expenses in the consolidated statements of activities.

Advertising Costs

Advertising costs, which includes marketing brochures, flyers, and complimentary material of the Institute, are expensed as incurred. Advertising costs charged to expense totaled \$61,991 for 2009 and \$79,696 for 2008.

Measure of Operations

The Foundation and the Institute consider realized and unrealized gains and losses on investments, incentive accrual and adoption of endowment accounting standards to be other items not included in operations.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the December 31, 2008 consolidated financial statements in order to present them in conformity with the December 31, 2009 consolidated financial statements. These reclassifications have had no effect on net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through April 30, 2010, the date the financial statements were available to be issued.

NOTE 3 CONCENTRATION OF CREDIT AND MARKET RISKS

The Foundation and Institute maintain their funds in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation also invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

NOTE 4 INVESTMENTS

Investments, other than investments in money funds and custodian cash that are carried at cost, which approximates fair value, are recorded at fair value. Investments relate to unrestricted, temporarily restricted and permanently restricted net assets and are pooled into one account. Interest, dividends, and net realized gains (losses) are allocated to temporarily restrict net assets based on the ratio of each individual or organization's permanently and temporarily restricted net asset balance to total net assets of the Foundation.

Investments are comprised of the following at December 31:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Fixed Income	\$ 6,385,607	\$ 6,467,595	\$ 5,962,217	\$ 6,084,354
Equities	9,407,343	8,781,624	9,773,493	6,901,414
Hedge Funds	1,126,859	1,312,030	1,102,339	1,167,216
Money Funds and Custodian Cash	517,707	517,707	1,857,601	1,857,601
	<u>\$ 17,437,516</u>	<u>\$ 17,078,956</u>	<u>\$ 18,695,650</u>	<u>\$ 16,010,585</u>

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 INVESTMENTS (CONTINUED)

Investment income, including interest from the operating accounts, consists of the following for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Interest and Dividends	\$ 511,641	\$ 745,560
Realized Losses	(193,519)	(583,926)
Unrealized Gain (Loss)	<u>2,326,505</u>	<u>(4,585,965)</u>
Total Investment Income	<u>\$ 2,644,627</u>	<u>\$ (4,424,331)</u>

Investment fees for all investments totaled \$61,286 and \$70,925 for the years ended December 31, 2009 and 2008, respectively. Fees related to restricted investments totaled \$21,965 and \$24,291 for the years ended December 31, 2009 and 2008, respectively, and have been netted against temporarily restricted interest and dividends in the consolidated statements of activities.

NOTE 5 FAIR VALUE

The following table presents the Foundation's and the Institute's fair value for those investments, excluding money and custodian cash funds, measured at fair value on a recurring basis as of December 31:

	<u>2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income	\$ -	\$ 6,467,595	\$ -	\$ 6,467,595
Equities	8,781,624	-	-	8,781,624
Hedge Funds	-	-	1,312,030	1,312,030
	<u>\$ 8,781,624</u>	<u>\$ 6,467,595</u>	<u>\$ 1,312,030</u>	<u>\$ 16,561,249</u>
	<u>2008</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income	\$ -	\$ 6,084,354	\$ -	\$ 6,084,354
Equities	6,901,414	-	-	6,901,414
Hedge Funds	-	-	1,167,216	1,167,216
	<u>\$ 6,901,414</u>	<u>\$ 6,084,354</u>	<u>\$ 1,167,216</u>	<u>\$ 14,152,984</u>

The following table provides a summary of changes in fair value of the Foundation's and Institute's Level 3 financial assets for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Beginning Balance	\$ 1,167,216	\$ 1,103,565
Purchases	31,161	312,871
Sales	(9,731)	-
Unrealized and Realized Gains (Losses)	<u>123,384</u>	<u>(249,220)</u>
Ending Balances	<u>\$ 1,312,030</u>	<u>\$ 1,167,216</u>

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
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NOTE 6 PROMISES TO GIVE

Promises to give at December 31, 2009 and 2008 represent unconditional amounts pledged under the *New Century Fund* and *Hospitality 2000* fundraising campaigns. Pledges expected to be collected in more than one year are initially measured at fair value. The fair value is estimated by calculating the present value of estimated future cash flows. The rate used to discount contributions to their net realizable value at December 31, 2009 and 2008 was 3.45%.

The amount of the discounted promises to give at December 31, 2009 and 2008 at the realized present value is reflected below:

	<u>2009</u>	<u>2008</u>
Receivable in Less Than One Year	\$ 503,497	\$ 447,618
Receivable in One to Five Years	88,502	318,099
	<u>591,999</u>	<u>765,717</u>
Discount of Pledges to Present Value	(3,000)	(13,000)
Reserve for Uncollectable Amounts	<u>(200,000)</u>	<u>(200,000)</u>
Net Realized Present Value	<u>\$ 388,999</u>	<u>\$ 552,717</u>

Promises to give are presented in the December 31, 2009 and 2008 Consolidated Statements of Financial Position as follows:

	<u>2009</u>	<u>2008</u>
Promises to Give, Current Portion	\$ 303,497	\$ 247,618
Promises to Give, Long-Term Portion	<u>85,502</u>	<u>305,099</u>
Total Promises to Give	<u>\$ 388,999</u>	<u>\$ 552,717</u>

NOTE 7 PENSION PLAN

AH&LA and its affiliates, the Foundation and Institute, established a multiple employer 401(k) defined contribution plan, effective March 1, 1997. The 401(k) plan covers substantially all of the Organizations' employees who meet certain age and length of service requirements. Under the plan, the Foundation and Institute make matching contributions equal to 100% of the first 6% of the employees' elective contributions. All employee contributions are 100% vested. The plan stipulates that the Institute and Foundation's matching contributions vest over a three-year period. However, all contributions become 100% vested in the event of the participant's death, disability, or retirement. The Foundation's and Institute's 401(k) plan expense totaled \$186,199 and \$222,540 for the years ended December 31, 2009 and 2008, respectively.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
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NOTE 8 LINE OF CREDIT

The Institute has a \$1,000,000 credit line with Bank of America bearing interest equal to the 30 day "LIBOR" rate plus 2.25 percent that requires monthly payments of interest during 2009 and 2008. The line of credit is renewable on an annual basis and requires monthly payments of interest. No outstanding amounts due existed on the line of credit at December 31, 2009 and 2008. A portion of the Foundation's investments and depository accounts secures the line of credit.

NOTE 9 RELATED PARTY TRANSACTIONS

The Foundation and Institute are affiliates of the American Hotel & Lodging Association (AH&LA) and AH&LA's wholly owned subsidiary, the American Hotel Association Directory Corporation (AHADC). The Boards of Trustees for the Foundation and Institute are the same, but separate and apart from the Board of Directors of AH&LA. The Foundation and Institute are supporting organizations to AH&LA; however, the AH&LA does not have the ability to require that a majority of the Foundation and Institute's Board members come from the Board of AH&LA.

Certain revenue and expenses related to the Foundation and the Institute are received and paid by AH&LA and AHADC on behalf of the Foundation and the Institute and in some instances expenses are paid by the Foundation and Institute on the affiliate's behalf. Such payments and receipts are accounted for through intercompany accounts.

Receipts collected by the Association and subsidiary on behalf of the Foundation primarily include amounts relating to special events. AH&LA collected payments on behalf of the Foundation totaling approximately \$228,000 and \$410,000 for 2009 and 2008, respectively. Expenses paid by the Association and subsidiary and charged to the Foundation primarily include occupancy, office and overhead costs. Total expenses paid by AH&LA and charged to the Foundation were approximately \$748,000 and \$755,000 in 2009 and 2008, respectively. At December 31, 2009 and 2008, the Foundation owed AH&LA \$167,371 and \$119,947, respectively, for special event sponsorship.

AH&LA collected payments on behalf of the Institute totaling approximately \$30,000 and \$22,000 in 2009 and 2008, respectively. Expenses paid by AH&LA and the Institute on behalf of one another primarily include costs relating to seminars and meetings and certain information technology personnel and professional costs. Net expenses incurred by AH&LA on behalf of the Institute totaled approximately \$174,000 and \$267,000 in 2009 and 2008, respectively. At December 31, 2009 and 2008, the Institute owed AH&LA \$33,461 and \$10,047, respectively.

The Institute also incurred certain expenses with AHADC principally for print ads in *Lodging* magazine and sales of the *Directory of Hotel and Lodging Companies* during 2009 and 2008 totaling \$2,700 and \$-0-, respectively. At December 31, 2009 and 2008, the Institute owed AHADC \$7,231.

The Americas Lodging Investment Summit (ALIS), LLC is a jointly developed for-profit limited liability company, with two partners (AH&LA and Burba Hotel Network, LLC) organized for the purposes of developing and operating an educational lodging conference

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NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

in the western United States on an annual basis. The proportionate share of net income realized by AH&LA during 2009 and 2008 was \$1,281,238 and \$1,800,081, respectively. In accordance with the LLC operating agreement, the Foundation and Institute received in the form of a contribution approximately \$464,000 each for 2009 and \$708,000 for 2008 from ALIS.

NOTE 10 COMMITMENTS

Office Space Lease

The Institute entered into a non-cancelable office space lease agreement that commenced in July 1997 at Orlando, FL, which originally expired in July 2007, and was amended to expire in December 2016. The lease agreement contains an escalation provision that increases the annual base rent at a fixed amount per year. The annual rent increase is being amortized over the life of the lease, and as a result, the Institute is recognizing rent expense on the straight-line basis over the lease term. The unamortized portion resulting from the difference between the amounts paid and expensed make up the deferred rent obligation on the Consolidated Statements of Financial Position. Office rent expense recognized for the years ended December 31, 2009 and 2008 was \$318,105 and \$314,728, respectively.

Approximate future minimum rental payments under the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 438,181
2011	438,181
2012	451,420
2013	464,845
Thereafter	<u>1,479,933</u>
Total Minimum Lease Payments	<u>\$ 3,272,560</u>

Under the provisions of the office lease agreement, the Institute is required to maintain a standby letter of credit in the amount of \$53,142.

AH&LA is liable for an office space lease in Washington, D.C. that is partially utilized by the Foundation and charged by AH&LA to the Foundation based on usage of space. Such charges totaled \$28,016 and \$28,191 during 2009 and 2008, respectively.

The Institute subleases a portion of its office space at 800 North Magnolia Avenue to a sub-tenant. Under the sublease agreement, rent charged totaled \$90,976 and \$83,845 for 2009 and 2008, respectively.

Future minimum rentals to be received under the lease agreement are approximately \$46,306, which are to be received in 2010.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 COMMITMENTS (CONTINUED)

Capital Lease

The Institute and the Foundation have entered into leases for a new phone system and equipment under long-term lease agreements, which are classified as capital leases.

Capital lease amortization is included with depreciation expense in the statements. Future minimum commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 282,004
2011	212,479
2012	134,486
2013	120,876
2014	30,219
Total Minimum Lease Payments	780,064
Less: Amount Representing Interest	(59,605)
Present Value of Minimum Lease Payments	720,459
Less: Current Maturities	(247,379)
Noncurrent Portion of Obligations Under Capital Lease	<u>\$ 473,080</u>

NOTE 11 ENDOWMENTS

The Foundation's endowment consists of several funds established for a variety of purposes to provide for the long-term support of the Foundation and its programs. Its endowments include donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit Foundation donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds, if any that is not classified as permanently restricted net assets, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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NOTE 11 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type and changes in endowment net assets for the years ended December 31 is as follows:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, January 01, 2009	\$ (176,729)	\$ 504,353	\$ 4,478,844	\$ 4,806,468
Investment Return:				
Investment Income	-	180,444	-	180,444
Net Realized and Unrealized Gains	-	807,685	-	807,685
Total Investment Return	-	988,129	-	988,129
Contributions	-	39,562	-	39,562
Appropriations of Endowment Assets for Expenditure	-	(253,275)	-	(253,275)
Other Changes:				
Reclass of Donor-Restricted Endowment Funds with Deficiencies	145,105	(145,105)	-	-
Endowment Net Assets, December 31, 2009	<u>\$ (31,624)</u>	<u>\$ 1,133,664</u>	<u>\$ 4,478,844</u>	<u>\$ 5,580,884</u>
	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, January 01, 2008	\$ -	\$ 2,276,865	\$ 4,367,872	\$ 6,644,737
Adoption of Endowments	-	-	108,472	108,472
Investment Return:				
Investment Income	-	189,007	-	189,007
Net Realized and Unrealized Gains	-	(1,841,527)	-	(1,841,527)
Total Investment Return	-	(1,652,520)	-	(1,652,520)
Contributions	-	9,867	2,500	12,367
Appropriations of Endowment Assets for Expenditure	-	(306,588)	-	(306,588)
Other Changes:				
Reclass of Donor-Restricted Endowment Funds with Deficiencies	(176,729)	176,729	-	-
Endowment Net Assets, December 31, 2008	<u>\$ (176,729)</u>	<u>\$ 504,353</u>	<u>\$ 4,478,844</u>	<u>\$ 4,806,468</u>

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$31,624 and \$176,729 as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during 2008.

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NOTE 11 ENDOWMENTS (CONTINUED)

Investment Objectives and Strategies

To insure the preservation of its long-term endowment investments, the Foundation's Board of Trustees established an investment policy which reflects a "total return policy". Total return is defined as a combination of realized and unrealized capital appreciation as well as dividends and income for the trailing 30-month time period. The investment objective of the Fund is to protect the principal, to earn a return to satisfy the payout requirement and provide growth. To minimize volatility and risk, the portfolio is diversified through investments across various asset classes. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined by the investment manager.

Spending Policy

The Foundation has also established a spending policy for its Endowment Funds that allows it to draw between 2 – 5% of the Fund's two-year rolling average year-end values plus the value on June 30 of the appropriation year for scholarship and grant purposes. The Investment Committee decides the payout rate in July each year based on the investment performance and project returns for the trailing 30-month period.

NOTE 12 EDUCATIONAL INSTITUTE EXPENSES

The American Hotel & Lodging Educational Institute's expenses consisted of the following for the years ended December 31:

	2009		Total
	General Fund	Development Fund	
Cost of educational materials sold	\$ 2,956,193	\$ -	\$ 2,956,193
Seminars	1,041	-	1,041
Cost of other sales	199,623	-	199,623
Administrative	1,278,959	-	1,278,959
Personnel	5,555,344	-	5,555,344
Travel	98,748	-	98,748
Promotional	263,710	156,055	419,765
Rent	318,253	-	318,253
Depreciation and amortization	658,862	-	658,862
Interest	52,297	-	52,297
Miscellaneous	(12,255)	-	(12,255)
Total expenses	<u>\$ 11,370,775</u>	<u>\$ 156,055</u>	<u>\$ 11,526,830</u>

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 12 EDUCATIONAL INSTITUTE EXPENSES (CONTINUED)

	2008		Total
	General Fund	Development Fund	
Cost of educational materials sold	\$ 2,822,088	\$ -	\$ 2,822,088
Seminars	20,725	-	20,725
Cost of other sales	263,271	-	263,271
Administrative	1,577,807	-	1,577,807
Personnel	5,471,503	-	5,471,503
Travel	177,831	-	177,831
Promotional	347,383	226,581	573,964
Rent	313,114	-	313,114
Depreciation and amortization	563,610	-	563,610
Interest	65,434	-	65,434
Tax Liability	(184,000)	-	(184,000)
Miscellaneous	57,009	-	57,009
Total expenses	<u>\$ 11,495,775</u>	<u>\$ 226,581</u>	<u>\$ 11,722,356</u>



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
American Hotel and Lodging Educational Foundation, Inc.
American Hotel & Lodging Educational Institute

Our report on our audits of the basic consolidated financial statements of the American Hotel and Lodging Educational Foundation, Inc. and the American Hotel & Lodging Educational Institute for the years ended December 31, 2009 and 2008 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information presented on pages 21 - 28 is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. It has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
April 30, 2010

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidating Information					Consolidated Total
	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute			Eliminations	
		General Fund	Development Fund	Total		
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 131,080	\$ 1,246,758	\$ 18,142	\$ 1,264,900	\$ -	\$ 1,395,980
Accounts Receivable	-	1,220,203	-	1,220,203	-	1,220,203
Less: Allowance for Doubtful Accounts	-	(167,922)	-	(167,922)	-	(167,922)
Total	-	1,052,281	-	1,052,281	-	1,052,281
Grants Receivable	-	-	141,429	141,429	(141,429)	-
Due from Affiliated Entities:						
American Hotel & Lodging Educational Institute	597	-	-	-	(597)	-
Total	597	-	-	-	(597)	-
Promises to Give	503,497	-	-	-	-	503,497
Less: Reserve for Uncollectible Amounts	(200,000)	-	-	-	-	(200,000)
Total	303,497	-	-	-	-	303,497
Inventory	-	497,503	-	497,503	-	497,503
Prepaid Expenses and Deposits	19,930	270,078	-	270,078	-	290,008
Other Assets	-	38,950	-	38,950	-	38,950
Total Current Assets	455,104	3,105,570	159,571	3,265,141	(142,026)	3,578,219
INVESTMENTS	16,606,760	472,196	-	472,196	-	17,078,956
PROMISES TO GIVE , Net of Current Portion	88,502	-	-	-	-	88,502
Less: Discount to Present Value	(3,000)	-	-	-	-	(3,000)
	85,502	-	-	-	-	85,502
GRANTS RECEIVABLE , Net of Current Portion	-	-	354,745	354,745	(354,745)	-
Less: Discount to Present Value	-	-	(22,800)	(22,800)	22,800	-
	-	-	331,945	331,945	(331,945)	-
DUE FROM/DUE TO OTHER FUNDS	-	(2,639,192)	2,639,192	-	-	-
DEVELOPMENT COSTS						
Finished Goods, net of amortization	-	1,095,512	-	1,095,512	-	1,095,512
Work-in-Progress	-	184,114	-	184,114	-	184,114
Total Development Cost	-	1,279,626	-	1,279,626	-	1,279,626
PROPERTY AND EQUIPMENT						
Land	-	106,483	-	106,483	-	106,483
Building	-	880,165	-	880,165	-	880,165
Leasehold Improvements	-	873,396	-	873,396	-	873,396
Furniture, Fixtures, and Equipment	6,500	423,788	-	423,788	-	430,288
Computer Equipment and Software	27,050	1,062,716	-	1,062,716	-	1,089,766
Capital Lease Assets	-	1,012,550	-	1,012,550	-	1,012,550
Total Property and Equipment	33,550	4,359,098	-	4,359,098	-	4,392,648
Less: Accumulated Depreciation and Amortization	(30,642)	(2,424,378)	-	(2,424,378)	-	(2,455,020)
	2,908	1,934,720	-	1,934,720	-	1,937,628
Total Assets	\$ 17,150,274	\$ 4,152,920	\$ 3,130,708	\$ 7,283,628	\$ (473,971)	\$ 23,959,931

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	Consolidating Information					Consolidated Total
	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute			Eliminations	
	General Fund	Development Fund	Total			
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 349,436	\$ 950,821	\$ -	\$ 950,821	\$ -	\$ 1,300,257
Grants Payable	141,429	-	-	-	(141,429)	-
Due to Affiliated Entities:						
American Hotel & Lodging Association	167,371	33,461	-	33,461	-	200,832
American Hotel and Lodging Educational Foundation, Inc.	-	597	-	597	(597)	-
American Hotel Association Directory Corporation	-	7,231	-	7,231	-	7,231
Total Accounts Payable and Accrued Expenses	167,371	41,289	-	41,289	(597)	208,063
Deferred Revenue	275	451,896	-	451,896	-	452,171
Liability for Returns	-	254,327	-	254,327	-	254,327
Capital Lease	-	247,379	-	247,379	-	247,379
Total Current Liabilities	<u>658,511</u>	<u>1,945,712</u>	<u>-</u>	<u>1,945,712</u>	<u>(142,026)</u>	<u>2,462,197</u>
GRANTS PAYABLE, Net of Current Portion	354,745	-	-	-	(354,745)	-
Less: Discount to Present Value	(22,800)	-	-	-	22,800	-
	<u>331,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(331,945)</u>	<u>-</u>
CAPITAL LEASE, Net of current portion	-	473,080	-	473,080	-	473,080
DEFERRED RENT CREDIT	-	649,241	-	649,241	-	649,241
Total Liabilities	<u>990,456</u>	<u>3,068,033</u>	<u>-</u>	<u>3,068,033</u>	<u>(473,971)</u>	<u>3,584,518</u>
NET ASSETS						
Unrestricted:						
General	963,483	1,037,099	-	1,037,099	-	2,000,582
Designated	9,194,828	-	3,139,546	3,139,546	-	12,334,374
Total Unrestricted	10,158,311	1,037,099	3,139,546	4,176,645	-	14,334,956
Temporarily Restricted	1,522,663	38,950	-	38,950	-	1,561,613
Permanently Restricted	4,478,844	-	-	-	-	4,478,844
Total Net Assets	<u>16,159,818</u>	<u>1,076,049</u>	<u>3,139,546</u>	<u>4,215,595</u>	<u>-</u>	<u>20,375,413</u>
Total Liabilities and Net Assets	<u>\$ 17,150,274</u>	<u>\$ 4,144,082</u>	<u>\$ 3,139,546</u>	<u>\$ 7,283,628</u>	<u>\$ (473,971)</u>	<u>\$ 23,959,931</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidating Information					Consolidated Total
	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute			Eliminations	
		General Fund	Development Fund	Total		
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 86,449	\$ 967,038	\$ 18,453	\$ 985,491	\$ -	\$ 1,071,940
Accounts Receivable	-	1,460,891	-	1,460,891	-	1,460,891
Less: Allowance for Doubtful Accounts	-	(167,070)	-	(167,070)	-	(167,070)
Total	-	1,293,821	-	1,293,821	-	1,293,821
Grants Receivable	-	-	185,910	185,910	(185,910)	-
Due from Affiliated Entities:						
American Hotel and Lodging Educational Foundation, Inc.	3,120	-	-	-	(3,120)	-
Total	3,120	-	-	-	(3,120)	-
Promises to Give	447,618	-	-	-	-	447,618
Less: Reserve for Uncollectible Amounts	(200,000)	-	-	-	-	(200,000)
Total	247,618	-	-	-	-	247,618
Inventory	-	712,882	-	712,882	-	712,882
Prepaid Expenses and Deposits	10,146	280,374	-	280,374	-	290,520
Other Assets	-	38,950	-	38,950	-	38,950
Total Current Assets	347,333	3,293,065	204,363	3,497,428	(189,030)	3,655,731
INVESTMENTS	15,212,348	798,237	-	798,237	-	16,010,585
PROMISES TO GIVE, Net of Current Portion	318,099	-	-	-	-	318,099
Less: Discount to Present Value	(13,000)	-	-	-	-	(13,000)
	305,099	-	-	-	-	305,099
GRANTS RECEIVABLE, net of current portion	-	-	442,855	442,855	(442,855)	-
Less: Discount to Present Value	-	-	(43,100)	(43,100)	43,100	-
	-	-	399,755	399,755	(399,755)	-
DUE FROM/DUE TO OTHER FUNDS	-	(2,375,636)	2,375,636	-	-	-
DEVELOPMENT COSTS						
Finished Goods, net of amortization	-	1,346,590	-	1,346,590	-	1,346,590
Work-in-Progress	-	267,887	-	267,887	-	267,887
Total Development Cost	-	1,614,477	-	1,614,477	-	1,614,477
PROPERTY AND EQUIPMENT						
Land	-	106,483	-	106,483	-	106,483
Building	-	880,165	-	880,165	-	880,165
Leasehold Improvements	-	871,750	-	871,750	-	871,750
Furniture, Fixtures, and Equipment	6,500	425,883	-	425,883	-	432,383
Computer Equipment and Software	27,050	1,025,770	-	1,025,770	-	1,052,820
Capital Lease Assets	-	1,398,840	-	1,398,840	-	1,398,840
Total Property and Equipment	33,550	4,708,891	-	4,708,891	-	4,742,441
Less: Accumulated Depreciation and Amortization	(29,773)	(2,822,642)	-	(2,822,642)	-	(2,852,415)
	3,777	1,886,249	-	1,886,249	-	1,890,026
Total Assets	<u>\$ 15,868,557</u>	<u>\$ 5,216,392</u>	<u>\$ 2,979,754</u>	<u>\$ 8,196,146</u>	<u>\$ (588,785)</u>	<u>\$ 23,475,918</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	Consolidating Information					Consolidated Total
	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute		Total	Eliminations	
	General Fund	Development Fund				
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 284,290	\$ 901,224	\$ -	\$ 901,224	\$ -	\$ 1,185,514
Grants Payable	185,910	-	-	-	(185,910)	-
Due to Affiliated Entities:						
American Hotel & Lodging Association	119,947	10,047	-	10,047	-	129,994
American Hotel & Lodging Educational Foundation, Inc.	-	3,120	-	3,120	(3,120)	-
American Hotel Association Directory Corporation	-	7,231	-	7,231	-	7,231
Total Accounts Payable and Accrued Expenses	119,947	20,398	-	20,398	(3,120)	137,225
Deferred Revenue	18,000	446,806	-	446,806	-	464,806
Liability for Returns	-	254,327	-	254,327	-	254,327
Capital Lease	-	281,564	-	281,564	-	281,564
Total Current Liabilities	<u>608,147</u>	<u>1,904,319</u>	<u>-</u>	<u>1,904,319</u>	<u>(189,030)</u>	<u>2,323,436</u>
GRANTS PAYABLE, Net of Current Portion	442,855	-	-	-	(442,855)	-
Less: Discount to Present Value	(43,100)	-	-	-	43,100	-
	399,755	-	-	-	(399,755)	-
CAPITAL LEASE, Net of current portion	-	234,248	-	234,248	-	234,248
DEFERRED RENT CREDIT	-	703,243	-	703,243	-	703,243
Total Liabilities	<u>1,007,902</u>	<u>2,841,810</u>	<u>-</u>	<u>2,841,810</u>	<u>(588,785)</u>	<u>3,260,927</u>
NET ASSETS						
Unrestricted:						
General	1,618,158	2,335,632	-	2,335,632	-	3,953,790
Designated	7,706,583	-	2,979,754	2,979,754	-	10,686,337
Total Unrestricted	9,324,741	2,335,632	2,979,754	5,315,386	-	14,640,127
Temporarily Restricted	1,057,070	38,950	-	38,950	-	1,096,020
Permanently Restricted	4,478,844	-	-	-	-	4,478,844
Total Net Assets	<u>14,860,655</u>	<u>2,374,582</u>	<u>2,979,754</u>	<u>5,354,336</u>	<u>-</u>	<u>20,214,991</u>
Total Liabilities and Net Assets	<u>\$ 15,868,557</u>	<u>\$ 5,216,392</u>	<u>\$ 2,979,754</u>	<u>\$ 8,196,146</u>	<u>\$ (588,785)</u>	<u>\$ 23,475,918</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	American Hotel and Lodging Educational Foundation, Inc.				American Hotel & Lodging Educational Institute				Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	General Fund Unrestricted	Temporarily Restricted	Development Fund Unrestricted	Total		
REVENUE										
Product Activities:										
Sales of Educational Materials	\$ -	\$ -	\$ -	\$ -	\$ 8,348,277	\$ 19,750	\$ -	\$ 8,368,027	\$ -	\$ 8,368,027
Less Returns and Allowances	-	-	-	-	(880,794)	-	-	(880,794)	-	(880,794)
Net Sales of Educational Materials	-	-	-	-	7,467,483	19,750	-	7,487,233	-	7,487,233
Shipping and Handling	-	-	-	-	401,378	-	-	401,378	-	401,378
Total Product Contribution Activities	-	-	-	-	7,868,861	19,750	-	7,888,611	-	7,888,611
Seminars, Meetings and Certifications:										
Licenses	-	-	-	-	334,646	-	-	334,646	-	334,646
Seminars, Special Projects and Partner Program Registrations and Fees	-	-	-	-	155,689	-	-	155,689	-	155,689
Total Service Contribution Activities	-	-	-	-	1,114,161	4,750	-	1,118,911	-	1,118,911
Fundraising and Support:										
Grant from AH&LEF	-	-	-	-	100,270	-	49,730	150,000	(150,000)	-
Contributions - New Century Campaign	10,000	-	-	10,000	-	-	-	-	-	10,000
Special Events	204,532	75,225	-	279,757	-	-	-	-	-	279,757
Contributions - Other	200,038	39,562	-	239,600	8,513	-	8,513	8,513	(8,838)	239,275
Contribution from ALIS	463,930	-	-	463,930	-	-	569,930	569,930	(106,000)	927,860
Total Fundraising and Support	878,500	114,787	-	993,287	108,783	-	619,660	728,443	(264,838)	1,456,892
Investment Income:										
Interest and Dividends - Investments	297,407	180,444	-	477,851	8,699	-	8,838	17,537	-	495,388
Interest - Operating Account	-	-	-	-	16,253	-	-	16,253	-	16,253
Total Investment Income	297,407	180,444	-	477,851	24,952	-	8,838	33,790	-	511,641
Other Income:										
Amortization of AH&LEI Grant Discount	-	-	-	-	-	-	20,300	20,300	(20,300)	-
Sublease	-	-	-	-	90,976	-	-	90,976	-	90,976
Miscellaneous	843	-	-	843	287	-	14	301	-	1,144
Total Other Income	843	-	-	843	91,263	-	20,314	111,577	(20,300)	92,120
Reclass of Donor-Restricted										
Endowment Funds with Deficiencies	145,105	(145,105)	-	-	-	-	-	-	-	-
Net Assets Released From Restrictions:										
Release of Purpose Restrictions	328,500	(328,500)	-	-	332,965	-	(332,965)	-	-	-
Release of Time Restrictions	163,718	(163,718)	-	-	24,500	(24,500)	-	-	-	-
Total Net Assets Released From Restrictions	492,218	(492,218)	-	-	357,465	(24,500)	(332,965)	-	-	-
Total Revenue	1,814,073	(342,092)	-	1,471,981	10,055,820	-	315,847	10,371,667	(285,138)	11,558,510
EXPENSES										
Program Services:										
Grants and Scholarships:										
Workforce Development Grant	150,000	-	-	150,000	-	-	-	-	(150,000)	-
Amortization of AH&LEI Grant Discount	20,300	-	-	20,300	-	-	-	-	(20,300)	-
Other Grants and Scholarships	1,043,817	-	-	1,043,817	-	-	-	-	(114,838)	928,979
Total Grants and Scholarships	1,214,117	-	-	1,214,117	-	-	-	-	(285,138)	928,979
Product Contribution Activities	-	-	-	-	8,382,572	-	129,624	8,512,196	-	8,512,196
Seminars, Meetings and Certifications:	-	-	-	-	1,709,244	-	26,431	1,735,675	-	1,735,675
Total Program Services	1,214,117	-	-	1,214,117	10,091,816	-	156,055	10,247,871	(285,138)	11,176,850
Supporting Services:										
Management and General	757,616	-	-	757,616	1,278,959	-	-	1,278,959	-	2,036,575
Fundraising	317,649	-	-	317,649	-	-	-	-	-	317,649
Total Supporting Services	1,075,265	-	-	1,075,265	1,278,959	-	-	1,278,959	-	2,354,224
Total Expenses	2,289,382	-	-	2,289,382	11,370,775	-	156,055	11,526,830	(285,138)	13,531,074
CHANGE IN NET ASSETS FROM OPERATIONS	(475,309)	(342,092)	-	(817,401)	(1,314,955)	-	159,792	(1,155,163)	-	(1,972,564)
Other Items:										
Realized Loss on Investments	(127,870)	(68,392)	-	(196,262)	2,743	-	-	2,743	-	(193,519)
Unrealized Gain on Investments	1,436,749	876,077	-	2,312,826	13,679	-	-	13,679	-	2,326,505
CHANGE IN NET ASSETS	833,570	465,593	-	1,299,163	(1,298,533)	-	159,792	(1,138,741)	-	160,422
Beginning Net Assets	9,324,741	1,057,070	4,478,844	14,860,655	2,335,632	38,950	2,979,754	5,354,336	-	20,214,991
ENDING NET ASSETS	\$ 10,158,311	\$ 1,522,663	\$ 4,478,844	\$ 16,159,818	\$ 1,037,099	\$ 38,950	\$ 3,139,546	\$ 4,215,595	\$ -	\$ 20,375,413

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	American Hotel and Lodging Educational Foundation, Inc.				American Hotel & Lodging Educational Institute				Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	General Fund		Development Fund			
					Unrestricted	Temporarily Restricted	Unrestricted	Total		
REVENUE										
Product Activities:										
Sales of Educational Materials	\$ -	\$ -	\$ -	\$ -	\$ 9,311,575	\$ 14,750	\$ -	\$ 9,326,325	\$ -	\$ 9,326,325
Less Returns and Allowances	-	-	-	-	(785,071)	-	-	(785,071)	-	(785,071)
Net sales of educational materials	-	-	-	-	8,526,504	14,750	-	8,541,254	-	8,541,254
Shipping and Handling	-	-	-	-	485,031	-	-	485,031	-	485,031
Total Product Contribution Activities	-	-	-	-	9,011,535	14,750	-	9,026,285	-	9,026,285
Seminars, Meetings and Certifications:										
Licenses	-	-	-	-	345,237	-	-	345,237	-	345,237
Seminars, Special Projects and Partner Program	-	-	-	-	160,075	-	-	160,075	-	160,075
Registrations and Fees	-	-	-	-	1,189,975	9,500	-	1,199,475	-	1,199,475
Total Service Contribution Activities	-	-	-	-	1,695,287	9,500	-	1,704,787	-	1,704,787
Fundraising and Support:										
Grant from AH&LEF	-	-	-	-	110,266	-	89,734	200,000	(200,000)	-
Contributions - New Century Campaign	18,400	-	-	18,400	-	-	-	-	-	18,400
Special Events	219,577	79,000	-	298,577	-	-	-	-	-	298,577
Contributions - Other	199,892	9,867	2,500	212,259	(15,013)	39,150	24,137	15,065	-	251,461
Contribution from ALIS	708,425	-	-	708,425	-	-	775,425	775,425	(137,000)	1,346,850
Total Fundraising and Support	1,146,294	88,867	2,500	1,237,661	95,253	39,150	865,159	999,562	(321,935)	1,915,288
Investment Income:										
Interest and Dividends - Investments	486,760	189,007	-	675,767	15,037	-	-	15,037	-	690,804
Interest - Operating Account	28,951	-	-	28,951	25,805	-	-	25,805	-	54,756
Total Investment Income	515,711	189,007	-	704,718	40,842	-	-	40,842	-	745,560
Other Income:										
Amortization of AH&LEI Grant Discount	-	-	-	-	-	-	15,700	15,700	(15,700)	-
Sublease	-	-	-	-	83,845	-	-	83,845	-	83,845
Miscellaneous	4,291	-	-	4,291	10,730	-	71	10,801	-	15,092
Total Other Income	4,291	-	-	4,291	94,575	-	15,771	110,346	(15,700)	98,937
Reclass of Donor-Restricted										
Endowment Funds with Deficiencies	(176,729)	176,729	-	-	-	-	-	-	-	-
Net Assets Released From Restrictions:										
Release of Purpose Restrictions	306,588	(306,588)	-	-	-	-	-	-	-	-
Release of Time Restrictions	502,181	(502,181)	-	-	24,450	(24,450)	-	-	-	-
Total Net Assets Released From Restrictions	808,769	(808,769)	-	-	24,450	(24,450)	-	-	-	-
Total Revenue	2,298,336	(354,166)	2,500	1,946,670	10,961,942	38,950	880,930	11,881,822	(337,635)	13,490,857
EXPENSES										
Program Services:										
Grants and Scholarships:										
Workforce Development Grant	200,000	-	-	200,000	-	-	-	-	(200,000)	-
Amortization of AH&LEI Grant Discount	15,700	-	-	15,700	-	-	-	-	(15,700)	-
Other Grants and Scholarships	1,058,510	-	-	1,058,510	-	-	-	-	(121,935)	936,575
Total Grants and Scholarships	1,274,210	-	-	1,274,210	-	-	-	-	(337,635)	936,575
Product Contribution Activities	-	-	-	-	8,502,452	-	190,705	8,693,157	-	8,693,157
Seminars, Meetings and Certifications:										
Total Program Services	1,274,210	-	-	1,274,210	10,101,968	-	226,581	10,328,549	(337,635)	11,265,124
Supporting Services:										
Management and General	808,351	-	-	808,351	1,393,807	-	-	1,393,807	-	2,202,158
Fundraising	287,661	-	-	287,661	-	-	-	-	-	287,661
Total Supporting Services	1,096,012	-	-	1,096,012	1,393,807	-	-	1,393,807	-	2,489,819
Total Expenses	2,370,222	-	-	2,370,222	11,495,775	-	226,581	11,722,356	(337,635)	13,754,943
CHANGE IN NET ASSETS FROM OPERATIONS	(71,886)	(354,166)	2,500	(423,552)	(533,833)	38,950	654,349	159,466	-	(264,086)
Other Items:										
Realized Loss on Investments	(434,755)	(147,916)	-	(582,671)	(1,255)	-	-	(1,255)	-	(583,926)
Unrealized Loss on Investments	(2,875,133)	(1,693,611)	-	(4,568,744)	(17,221)	-	-	(17,221)	-	(4,585,965)
Incentive Accrual	-	-	-	-	(50,000)	-	-	(50,000)	-	(50,000)
Adoption of Endowments	(108,472)	-	108,472	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	(3,490,246)	(2,195,693)	110,972	(5,574,967)	(602,309)	38,950	654,349	90,990	-	(5,483,977)
Beginning Net Assets	12,814,987	3,252,763	4,367,872	20,435,622	2,937,941	-	2,325,405	5,263,346	-	25,698,968
ENDING NET ASSETS	\$ 9,324,741	\$ 1,057,070	\$ 4,478,844	\$ 14,860,655	\$ 2,335,632	\$ 38,950	\$ 2,979,754	\$ 5,354,336	\$ -	\$ 20,214,991

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 1,299,163	\$ (1,138,741)	\$ 160,422
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	869	658,861	659,730
Unrealized Gain on Investments	(2,312,826)	(13,679)	(2,326,505)
Realized Loss (Gain) on Sales of Investments	196,262	(2,743)	193,519
Allowance for Uncollectible Accounts	83,000	-	83,000
Loss on Disposal of Equipment	-	6,751	6,751
Amortization of Discount on Grant	20,300	(20,300)	-
Changes in Assets and Liabilities:			
Accounts Receivable	-	241,540	241,540
Due from Affiliated Entities	2,523	-	2,523
Inventory	-	215,379	215,379
Prepaid Expenses and Deposits	(9,784)	10,296	512
Other Assets	-	-	-
Promises to Give	80,718	-	80,718
Development Costs	-	334,851	334,851
Accounts Payable and Accrued Expenses	65,146	49,597	114,743
Due to Affiliated Entities	47,424	20,891	68,315
Deferred Revenue	(17,725)	5,090	(12,635)
Deferred Rent Credit	-	(54,002)	(54,002)
Net Cash (Used in) Provided by Operating Activities	<u>(677,521)</u>	<u>446,382</u>	<u>(231,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(11,328,240)	(93,012)	(11,421,252)
Proceeds from Sales and Maturities of Investments	12,050,392	435,475	12,485,867
Purchases of Property and Equipment	-	(146,224)	(146,224)
Net Cash Provided by Investing Activities	<u>722,152</u>	<u>196,239</u>	<u>918,391</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on Capital Lease Obligations	-	(363,212)	(363,212)
Net Cash Used by Financing Activities	<u>-</u>	<u>(363,212)</u>	<u>(363,212)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,631	279,409	324,040
Cash and Cah Equivalents - Beginning of Period	<u>86,449</u>	<u>985,491</u>	<u>1,071,940</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 131,080</u>	<u>\$ 1,264,900</u>	<u>\$ 1,395,980</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ 52,374</u>	<u>\$ 52,374</u>
Assets Purchased Through Capital Leases	<u>\$ -</u>	<u>\$ 567,859</u>	<u>\$ 567,859</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	American Hotel and Lodging Educational Foundation, Inc.	American Hotel & Lodging Educational Institute	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ (5,574,967)	\$ 90,990	\$ (5,483,977)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	869	563,361	564,230
Unrealized Loss on Investments	4,568,744	17,221	4,585,965
Realized Loss on Sales of Investments	582,671	1,255	583,926
Allowance for Uncollectible Accounts	83,000	-	83,000
Loss on Disposal of Equipment	-	-	-
Amortization of Discount on Grant	15,700	(15,700)	-
Changes in Assets and Liabilities:			
Accounts Receivable	150	286,841	286,991
Due from Affiliated Entities	184,195	89,927	274,122
Inventory	-	(84,401)	(84,401)
Prepaid Expenses and Deposits	23,604	(68,833)	(45,229)
Other Assets	-	(38,950)	(38,950)
Promises to Give	346,981	-	346,981
Development Costs	-	(56,014)	(56,014)
Accounts Payable and Accrued Expenses	(107,782)	(152,014)	(259,796)
Due to Affiliated Entities	30,020	(69,330)	(39,310)
Deferred Revenue	18,000	88,460	106,460
Deferred Rent Credit	-	(57,045)	(57,045)
Net Cash Provided by Operating Activities	<u>14,691</u>	<u>752,262</u>	<u>766,953</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(7,082,556)	(902,840)	(7,985,396)
Proceeds from Sales and Maturities of Investments	7,121,925	86,127	7,208,052
Purchases of Property and Equipment	-	(256,922)	(256,922)
Net Cash Provided by (Used in) Investing Activities	<u>39,369</u>	<u>(1,073,635)</u>	<u>(1,034,266)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on Capital Lease Obligations	-	(310,835)	(310,835)
Net Cash Used In Financing Activities	<u>-</u>	<u>(310,835)</u>	<u>(310,835)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,060	(632,208)	(578,148)
Cash and Cah Equivalents - Beginning of Period	<u>32,389</u>	<u>1,617,699</u>	<u>1,650,088</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 86,449</u>	<u>\$ 985,491</u>	<u>\$ 1,071,940</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ 65,549</u>	<u>\$ 65,549</u>
Assets Purchased Through Capital Leases	<u>\$ -</u>	<u>\$ 620,400</u>	<u>\$ 620,400</u>