

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Financial Statements
for year ended
June 30, 2010**

**CONDON
O'MEARA
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Independent Auditors' Report

The Board of Directors
Illuminating Engineering Society
of North America

We have audited the accompanying statement of financial position of the Illuminating Engineering Society of North America (the "Society") as of June 30, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized information has been derived from the Society's fiscal 2009 financial statements and, in our report dated October 23, 2009, we 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 Illuminating Engineering Society of North America at June 30, 2010 and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

November 12, 2010

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

Statement of Financial Position

Assets

	June 30	
	2010	2009
Current assets		
Cash and cash equivalents	\$ 6,986,612	\$ 6,096,473
Investments, at market	3,113,929	3,321,762
Accounts receivable (net of allowance for doubtful accounts of \$16,000 in 2010 and \$14,000 in 2009)	1,138,694	776,592
Inventories	947,198	650,556
Prepaid expenses and other current assets	113,647	95,749
Total current assets	12,300,080	10,941,132
Property and equipment	34,230	26,754
Total assets	\$ 12,334,310	\$ 10,967,886

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 87,385	\$ 223,676
Accrued expenses and other current liabilities	260,388	205,041
Members' dues received in advance	148,885	82,500
Deferred revenue – other	114,100	99,360
Total current liabilities	610,758	610,577
Net assets		
Unrestricted	8,822,825	7,712,116
Temporarily restricted	2,900,727	2,645,193
Total net assets	11,723,552	10,357,309
Total liabilities and net assets	\$ 12,334,310	\$ 10,967,886

See notes to financial statements.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Statement of Activities
For the Year Ended June 30, 2010
(With Summarized Financial Information for the Year Ended June 30, 2009)**

	2010										2009		
	Unrestricted Funds					Temporarily Restricted Funds					Total Temporarily Restricted Funds	Total All Funds	
	General	Reserve	Development	District Activity	Research	IESNA Committees (Note 1)	Board Designated Education	Total Unrestricted Funds	Education (Note 1)	Other (Note 1)			Total All Funds
Revenues	\$ 840,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,747	\$ -	\$ -	\$ -	\$ 840,747	\$ 884,864
Members' annual dues	410,825	-	-	-	-	-	-	410,825	-	-	-	410,825	394,525
Sustaining members' dues	-	-	-	-	-	-	-	-	-	-	-	-	-
LD&A and Leikos sales	236,116	-	-	-	-	-	-	236,116	-	-	-	236,116	244,616
and subscriptions	1,096,673	-	-	-	-	-	-	1,096,673	-	-	-	1,096,673	1,273,163
Advertising	523,295	-	-	-	-	-	-	523,295	-	-	-	523,295	587,444
Technical publication sales	611,852	-	-	-	-	148,780	-	760,632	-	-	-	760,632	751,661
Conferences	1,676,629	-	-	-	-	-	-	1,676,629	-	-	-	1,676,629	1,146,514
LIGHTFAIR	4,468	-	-	-	-	-	-	4,468	-	-	-	4,468	86,822
Contributions	3,450	3,450	3,770	840	4,090	5,680	22,298	35,920	25,920	10,000	58,218	86,822	
Investment income	33,058	134,772	43,891	4	43,240	37,230	292,197	228,591	29,859	198,732	520,788	334,131	
Miscellaneous	27,872	-	-	-	-	-	27,872	48,250	48,250	-	76,122	72,478	
Net assets released	-	-	-	-	-	-	-	-	-	-	-	-	-
from restrictions	107,227	-	-	844	-	-	107,227	(107,227)	(68,213)	(39,014)	(107,227)	-	
Total revenues	5,368,762	138,222	47,661	844	47,330	148,782	5,994,511	5,994,511	35,816	169,718	6,200,045	5,776,318	
Expenses	661,968	-	-	-	-	-	661,968	661,968	-	-	-	661,968	802,871
Marketing and advertising	191,143	-	-	-	-	-	191,143	191,143	-	-	-	191,143	137,472
Technical publications	782,767	-	-	-	-	-	782,767	782,767	-	-	-	782,767	764,116
Editorial - LD&A and Leikos	89,491	-	-	-	-	-	89,491	89,491	-	-	-	89,491	77,550
Communications	354,822	-	-	-	-	-	354,822	354,822	-	-	-	354,822	416,299
Technical	544,760	-	-	-	-	-	544,760	544,760	-	-	-	544,760	463,085
Conferences	9,544	-	-	-	-	-	9,544	9,544	-	-	-	9,544	6,836
LIGHTFAIR	40,259	-	-	-	-	-	40,259	40,259	-	-	-	40,259	41,434
Governance	336,460	-	-	-	-	-	336,460	336,460	-	-	-	336,460	319,103
Executive	1,066,976	-	-	-	-	-	1,066,976	1,066,976	-	-	-	1,066,976	1,104,218
Finance and administration	432,010	-	-	-	-	-	432,010	432,010	-	-	-	432,010	453,071
Membership	118	118	80	5,372	24,068	25,065	205,940	205,940	-	-	-	205,940	259,898
Unrestricted	107,227	-	-	-	-	-	107,227	107,227	-	-	-	107,227	128,015
Temporarily restricted	4,617,627	118	80	5,372	24,068	151,237	4,823,367	4,823,367	-	-	-	4,823,367	4,973,968
Total expenses	951,335	138,104	47,581	(4,528)	23,262	(2,455)	1,171,144	1,171,144	35,816	169,718	205,534	1,376,678	802,350
In net assets	10,435	-	-	-	-	-	10,435	10,435	-	-	-	10,435	11,742
before depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
increase (decrease)	940,900	138,104	47,581	(4,528)	23,262	(2,455)	1,160,709	1,160,709	35,816	169,718	205,534	1,366,243	790,608
in net assets before	-	-	-	-	-	-	-	-	-	-	-	-	-
interfund transfers	(500,000)	125,000	125,000	-	75,000	-	(50,000)	(50,000)	50,000	-	50,000	-	-
Transfer from general fund	389,313	(92,688)	(296,625)	-	-	-	-	-	-	-	-	-	-
Interfund transfer	830,213	170,416	(124,044)	(4,528)	98,262	(2,455)	1,110,709	1,110,709	85,816	169,718	255,534	1,366,243	790,608
Increase (decrease)	3,540,723	2,334,181	753,932	17,864	535,495	37,287	7,712,116	7,712,116	376,126	2,269,067	2,645,193	10,357,309	9,566,701
in net assets	4,370,936	2,504,597	629,888	13,336	633,757	34,832	8,822,825	8,822,825	461,942	2,438,785	2,900,727	11,725,552	10,357,309
Net assets, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets, end of year	-	-	-	-	-	-	-	-	-	-	-	-	-

See notes to financial statements.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase in net assets	\$1,366,243	\$ 790,608
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	10,435	11,742
Unrealized (gain) loss on investments	(197,211)	10,387
(Increase) decrease in current assets		
Accounts receivable	(362,102)	237,586
Inventories	(296,642)	(263,235)
Prepaid expenses and other current assets	(17,898)	(18,978)
Increase (decrease) in current liabilities		
Accounts payable	(136,291)	65,421
Accrued expenses and other current liabilities	55,347	(82,192)
Members' dues received in advance	66,385	(39,140)
Deferred revenue – other	14,740	42,980
Net cash provided by operating activities	<u>503,006</u>	<u>755,179</u>
Cash flows from investing activities		
Purchase of investments	(64,689)	(552,514)
Proceeds from sale of investments	469,733	1,310,101
Expenditures for property and equipment	(17,911)	(9,612)
Net cash provided by investing activities	<u>387,133</u>	<u>747,975</u>
Increase in cash and cash equivalents	890,139	1,503,154
Cash and cash equivalents, beginning of year	<u>6,096,473</u>	<u>4,593,319</u>
Cash and cash equivalents, end of year	<u>\$6,986,612</u>	<u>\$6,096,473</u>

See notes to financial statements.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies

Nature of organization

The purpose of the Illuminating Engineering Society of North America (the “Society”) is to advance the art, science, and practice of illumination by investigation, evaluation, and dissemination of knowledge to consumers, producers, and general interest groups through educational, literary, and scientific means. The Society is organized and shall be operated exclusively for educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Unrestricted net assets

General fund

Includes all of the unrestricted funds used to account for the general activities of the Society. During the 2010 fiscal year, the Society transferred from the General fund totaling \$500,000, the transfer consisted of \$125,000 to the Reserve Fund, \$125,000 to the Development Fund, \$75,000 to the Research Fund, \$125,000 to the Board-Designated Education Fund and \$50,000 to the Annual Conference Young Professionals Scholarship Fund.

Reserve fund

The Board of Directors of the Society has authorized a reserve fund for general contingencies. Although this fund is not restricted, the Board has segregated this fund and interest earned thereon. In addition, members’ voluntary contributions to increase the fund are reflected as revenue of the reserve. During the 2010 fiscal year, the Board authorized a transfer of interest and dividend income from the Reserve fund to the General fund totaling \$92,688.

Development fund

This fund was established by the Board of Directors to accumulate contributions for new programs or projects as approved by the Board. Funding is provided by members on a voluntary basis. During the 2010 fiscal year, the Board authorized a transfer, in connection with the Society’s lighting handbook production from the Development Fund to the General Fund totaling \$296,625.

District Activity Fund (formerly the RVP Fund)

Districts collect monies occasionally from sections within the districts. Any funds collected are to be spent on various district activities.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Research fund

The fund was established by the Board of Directors to support the research needs of the Society.

IESNA Committees funds

Roadway and Aviation funds were established to provide funds for meetings and/or conferences. The following is a summary of the changes in the IESNA Committees funds for the year ended June 30, 2010:

	<u>Roadway</u>	<u>Aviation</u>	<u>Totals</u>
Net assets, June 30, 2009	\$ 2,040	\$ 35,247	\$ 37,287
Additions			
Conference revenue	8,723	140,057	148,780
Investment income	<u>2</u>	<u>-</u>	<u>2</u>
Total additions	<u>8,725</u>	<u>140,057</u>	<u>148,782</u>
Deductions			
Conference expenses	8,207	135,772	143,979
Miscellaneous	<u>166</u>	<u>7,092</u>	<u>7,258</u>
Total deductions	<u>8,373</u>	<u>142,864</u>	<u>151,237</u>
Net assets, June 30, 2010	\$ 2,392	\$ 32,440	\$ 34,832

Board-designated education fund

This fund was established to receive contributions and grants in order to further the educational goals of the Society.

Temporarily restricted net assets

These funds have been granted to the Society for specific purposes, primarily for lighting education, awards and future projects. Expenditures for these specific purposes are reflected as decreases in unrestricted net assets in the statement of activities. As expenditures are made, net assets are released from temporarily restricted net assets and are reclassified to unrestricted net assets.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

The temporarily restricted net assets are as follows:

Education funds

The education funds provide funding for educational scholarships and seminars.

The following is a summary of the education funds:

Robert J. Besal Memorial Education Fund (Special Education Fund)

This fund was established by the Society, as an endowment, to further education in the field of illuminating engineering by means of scholarships for students and compensation for faculty members engaged in areas of study related to illuminating engineering. Presently, grants are being given to selected students enrolled in a lighting curriculum. Past recipients have attended Texas Christian University, University of Nebraska, Pennsylvania State University, the University of Colorado and the University of Kansas.

Richard Kelly Memorial Education Fund (Special Education Fund)

This fund was established by the Society, as a memorial. The purposes of the fund are as follows:

- To honor Richard Kelly and preserve the memory and meaning of his attitude toward light, and;
- To encourage continuing education in the professional development of young persons who have evidenced innovative thought and activity in the use of light, and;
- To give such young persons recognition for their continuing professional educational accomplishments.

**ILLUMINATING ENGINEERING SOCIETY
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**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Temporarily restricted net assets (continued)

Robert Thunen Memorial Education Fund (Special Education Fund)

This fund was established by the Sections of the South Pacific Coast Region north of the Tehachapi Mountains and Sections of the Pacific Northwest Region within the United States, as an endowment, which will award scholarships to qualified students. Award qualifications are as follows:

- Be enrolled as a degree student in an educational institution within the area covered by the founding sections.
- Be enrolled in an accredited curriculum in architecture, architectural engineering, interior design or theater.
- Be a full-time junior or senior level student pursuing lighting work or a graduate student who has a specific lighting project as part of a degree program.

Howard Brandston Student Lighting Design Education Fund (Special Education Fund)

This fund was established, as an Endowment, to provide funds for an annual grant to further student interest in lighting design.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Temporarily restricted net assets (continued)

The following is a summary of the changes in the Education Funds for the years ended June 30, 2010 and June 30, 2009:

	<u>Besal</u>	<u>Kelly</u>	<u>Thunen</u>	<u>Brandston</u>	<u>Totals</u>
Net assets, June 30, 2008	\$ 1,909,445	\$ 90,292	\$ 142,767	\$ 54,491	\$ 2,196,995
Additions					
Contributions	-	13,500	-	1,515	15,015
Investment income	73,883	1,623	9,739	3,055	88,300
Total additions	<u>73,883</u>	<u>15,123</u>	<u>9,739</u>	<u>4,570</u>	<u>103,315</u>
Deductions					
Educational grants and scholarships	10,000	10,000	6,500	2,791	29,291
Miscellaneous	80	1,727	65	80	1,952
Total deductions	<u>10,080</u>	<u>11,727</u>	<u>6,565</u>	<u>2,871</u>	<u>31,243</u>
Net assets, June 30, 2009	<u>1,973,248</u>	<u>93,688</u>	<u>145,941</u>	<u>56,190</u>	<u>2,269,067</u>
Additions					
Contributions	-	10,000	-	-	10,000
Investment income	185,853	1,843	8,106	2,930	198,732
Total additions	<u>185,853</u>	<u>11,843</u>	<u>8,106</u>	<u>2,930</u>	<u>208,732</u>
Deductions					
Educational grants and scholarships	18,750	2,200	12,500	1,539	34,989
Miscellaneous	81	3,799	65	80	4,025
Total deductions	<u>18,831</u>	<u>5,999</u>	<u>12,565</u>	<u>1,619</u>	<u>39,014</u>
Net assets, June 30, 2010	<u>\$ 2,140,270</u>	<u>\$ 99,532</u>	<u>\$ 141,482</u>	<u>\$ 57,501</u>	<u>\$ 2,438,785</u>

**ILLUMINATING ENGINEERING SOCIETY
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**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Temporarily restricted net assets (continued)

Other temporarily restricted funds

The following is a summary of the other temporarily restricted funds:

Sylvan R. Shemitz Fund (Shemitz)

The Fund is restricted for scholarship. The income from this fund will be used to award an annual scholarship to help deserving students pursue their studies within the lighting field.

Annual Conference Young Professionals Scholarship Fund (ACYPSF)

The Fund, which is restricted, consists of contributions, which are placed into an endowment fund. The income from the endowment will support young professionals in attending the IES Annual Conference who would otherwise not be able to attend.

Award funds

IA funds

IA funds were established to provide funding for the Illumination Awards. The IA funds are comprised of four contributors. The Guth Trust, OSRAM Sylvania and Paul Waterbury contribute on an annual or semi-annual basis to fund their award. The Aileen Page Cutler fund was established in 1991 by a \$25,000 endowment. The earnings of the endowment fund the Cutler IA award. These funds are all restricted for the purpose of illumination awards.

Taylor Technical Talent Award

The funds were established to annually recognize the outstanding lighting applications paper published in LD&A or presented at the annual conference or at a regional conference.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Temporarily restricted net assets (continued)

The following is a summary of the changes in the other temporarily restricted funds for the years ended June 30, 2010 and June 30, 2009:

	<u>Shemitz</u>	<u>ACYPSF</u>	<u>Award</u>	<u>Totals</u>
Net assets, June 30, 2008	\$ -	\$ 34,827	\$ 141,588	\$ 176,415
Additions				
Contributions	-	5,337	14,000	19,337
Investment income	-	10,947	13,999	24,946
Entry fees and other	-	-	47,200	47,200
Total additions	<u>-</u>	<u>16,284</u>	<u>75,199</u>	<u>91,483</u>
Deductions				
Award program expenditures	-	4,902	91,675	96,577
Miscellaneous	-	65	130	195
Total deductions	<u>-</u>	<u>4,967</u>	<u>91,805</u>	<u>96,772</u>
Transfer from general fund	<u>-</u>	<u>205,000</u>	<u>-</u>	<u>205,000</u>
Net assets, June 30, 2009	<u>-</u>	<u>251,144</u>	<u>124,982</u>	<u>376,126</u>
Additions				
Contributions	20,000	3,420	2,500	25,920
Investment income	1,316	14,150	14,393	29,859
Entry fees and other	-	-	48,250	48,250
Total additions	<u>21,316</u>	<u>17,570</u>	<u>65,143</u>	<u>104,029</u>
Deductions				
Award program expenditures	-	9,418	58,535	67,953
Miscellaneous	-	65	195	260
Total deductions	<u>-</u>	<u>9,483</u>	<u>58,730</u>	<u>68,213</u>
Transfer from general fund	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net assets, June 30, 2010	<u>\$ 21,316</u>	<u>\$ 309,231</u>	<u>\$ 131,395</u>	<u>\$ 461,942</u>

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Cash equivalents

Cash equivalents are highly liquid investments with maturities of 90 days or less. The Society considers certificates of deposit to be cash equivalents.

Allowance for doubtful accounts

The Society has an allowance for doubtful accounts for any potential uncollectible receivables. Such estimate is based on management's experience and is calculated based on amounts management feels might be uncollectible.

Depreciation and amortization

Property and equipment are recorded at historical cost. Depreciation and amortization are computed on the straight-line basis, over periods ranging from 5 to 15 years. Leasehold improvements are being amortized over the life of the lease. During the 2010 fiscal year, the Society wrote-off fully depreciated assets totaling \$19,304.

Members' dues

Membership dues are recognized as revenue in the applicable membership year. Dues collected in advance are classified as members' dues received in advance on the statement of financial position.

Inventories

Inventories of publications and handbooks are recorded at the lower of cost or market. Publications in progress represent cost for research and development of publications and handbooks to be published in the future. The inventories at June 30, 2010 and June 30, 2009 are as follows:

	<u>Fiscal year</u>	
	<u>2010</u>	<u>2009</u>
Publications and handbooks	\$ 196,538	\$ 213,258
Publications in progress	<u>750,660</u>	<u>437,298</u>
Total	<u>\$ 947,198</u>	<u>\$ 650,556</u>

**ILLUMINATING ENGINEERING SOCIETY
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**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Concentration of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and accounts receivable. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. At times, the balance in the Society's cash and cash equivalents is in excess of FDIC insurance limits. The Society invests in bonds and notes issued by the United States Government, corporations and preferred stock. The Society's accounts receivable consist principally of amounts due from advertisers in its monthly magazine and distributions due from LIGHTFAIR. The Society believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and accounts receivable.

Investments

The Society's investments are stated at fair value.

Fair value measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets.

Level 2 - Quoted prices for identical assets in markets that are not active, quoted prices for similar assets in active markets, inputs other than quoted market prices, and inputs derived principally from observable market data.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through November 12, 2010, which is the date the financial statements were available to be issued.

Comparative financial information

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Note 2 – Investments

The following is a summary of the investments held by the Society at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
	Market Value	Market Value
Preferred stock	\$ 217,334	\$ 185,708
Bonds and Notes	1,661,000	1,702,764
Government obligations	<u>1,235,595</u>	<u>1,433,290</u>
Total	<u>\$ 3,113,929</u>	<u>\$ 3,321,762</u>

At June 30, 2010, the Society's financial assets that are measured at fair value on a recurring basis consist of its investments. All investments are deemed to be Level 1 assets.

Note 3 – Property and equipment

A summary of property and equipment and related accumulated depreciation and amortization at June 30, 2010 and June 30, 2009 is as follows:

	<u>Fiscal year</u>	
	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 229,029	\$ 229,029
Furniture, fixtures and equipment	<u>233,652</u>	<u>235,045</u>
Total	462,681	464,074
Less accumulated depreciation and amortization	<u>428,451</u>	<u>437,320</u>
Net property and equipment	<u>\$ 34,230</u>	<u>\$ 26,754</u>

**ILLUMINATING ENGINEERING SOCIETY
OF NORTH AMERICA**

**Notes to Financial Statements (continued)
June 30, 2010**

Note 4 – Lease agreement

On July 18, 2006, the Society extended its lease for an additional ten years, commencing on February 1, 2008 and expiring on January 31, 2018.

A summary of the minimum annual lease payments as of June 30, 2010 is as follows:

<u>Fiscal year</u>	<u>Amount</u>
2011	\$ 341,040
2012	341,040
2013	355,740
2014	376,320
2015	376,320
2016 and thereafter	<u>972,160</u>
Total	<u>\$2,762,620</u>

Rent expense for the years ended June 30, 2010 and June 30, 2009 amounted to \$341,670 and \$336,183, respectively.

In addition, the Society leases a portion of its premises expiring to another organization January 31, 2013 for approximately \$30,000 per annum.

Note 5 – Retirement plan

The Society maintains a defined contribution pension plan for its employees who have completed one year of service. Contributions to the plan amount to 6% of a participant's salary. Pension expense for the years ended June 30, 2010 and June 30, 2009 amounted to \$90,452 and \$94,690, respectively.

Note 6 – Taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for a tax on its net advertising and royalty revenue. In addition, the Society has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a) of the Code. As of June 30, 2010, no amounts have been recognized for any uncertain income tax positions. The Society tax returns for fiscal years 2007 and forward are subject to the usual review by the appropriate taxing authorities.