

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2010 AND 2009

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
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YEARS ENDED DECEMBER 31, 2010 AND 2009**

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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, 2010 and 2009, 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, 2010 and 2009, 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 28, 2011

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,498,741	\$ 1,395,980
Accounts Receivable	1,256,239	1,220,203
Less: Allowance for Doubtful Accounts	<u>(158,048)</u>	<u>(167,922)</u>
Net Accounts Receivable	1,098,191	1,052,281
Promises to Give	317,106	503,497
Less: Reserve for Uncollectible Amounts	<u>(200,000)</u>	<u>(200,000)</u>
Net Promises to Give	117,106	303,497
Inventory	417,751	497,503
Prepaid Expenses and Deposits	245,402	290,008
Other Assets	<u>38,950</u>	<u>38,950</u>
Total Current Assets	3,416,141	3,578,219
INVESTMENTS	18,212,268	17,078,956
PROMISES TO GIVE , Net of Current Portion	-	88,502
Less: Discount to Present Value	<u>-</u>	<u>(3,000)</u>
Net Promises to Give	-	85,502
DEVELOPMENT COSTS		
Finished Goods, Net of Amortization	759,281	1,095,512
Work-in-Progress	<u>386,321</u>	<u>184,114</u>
Total Development Cost	1,145,602	1,279,626
PROPERTY AND EQUIPMENT		
Land	106,483	106,483
Building	880,165	880,165
Leasehold Improvements	873,396	873,396
Furniture, Fixtures, and Equipment	450,203	430,288
Computer Equipment and Software	1,137,585	1,089,766
Capital Lease Assets	<u>1,060,500</u>	<u>1,012,550</u>
Total Property and Equipment	4,508,332	4,392,648
Less: Accumulated Depreciation and Amortization	<u>(2,900,941)</u>	<u>(2,455,020)</u>
Net Property and Equipment	<u>1,607,391</u>	<u>1,937,628</u>
 Total Assets	 <u>\$ 24,381,402</u>	 <u>\$ 23,959,931</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, 2010 AND 2009**

LIABILITIES AND NET ASSETS	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,087,075	\$ 1,300,257
Due to Affiliated Entities:		
American Hotel & Lodging Association	182,091	200,832
American Hotel Association Directory Corporation	<u>7,231</u>	<u>7,231</u>
Total Due to Affiliated Entities	189,322	208,063
Deferred Revenue	426,743	452,171
Liability for Returns	254,327	254,327
Capital Lease	<u>232,926</u>	<u>247,379</u>
Total Current Liabilities	2,190,393	2,462,197
CAPITAL LEASE, Net of Current Portion	356,569	473,080
DEFERRED RENT CREDIT	<u>591,376</u>	<u>649,241</u>
Total Liabilities	3,138,338	3,584,518
NET ASSETS		
Unrestricted:		
General	908,470	2,000,582
Designated	<u>13,935,542</u>	<u>12,334,374</u>
Total Unrestricted	14,844,012	14,334,956
Temporarily Restricted	1,920,208	1,561,613
Permanently Restricted	<u>4,478,844</u>	<u>4,478,844</u>
Total Net Assets	21,243,064	20,375,413
Total Liabilities and Net Assets	<u>\$ 24,381,402</u>	<u>\$ 23,959,931</u>

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, 2010 AND 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Product Activities:								
Sales of Educational Materials	\$ 7,501,378	\$ 34,500	\$ -	\$ 7,535,878	\$ 7,526,349	\$ 19,750	\$ -	\$ 7,546,099
Less Returns and Allowances	(736,123)	-	-	(736,123)	(880,794)	-	-	(880,794)
Net Sales of Educational Materials	6,765,255	34,500	-	6,799,755	6,645,555	19,750	-	6,665,305
Shipping and Handling	392,172	-	-	392,172	401,378	-	-	401,378
Total Product Contribution Activities	7,157,427	34,500	-	7,191,927	7,046,933	19,750	-	7,066,683
Seminars, Meetings and Certifications:								
Licenses	464,584	-	-	464,584	334,646	-	-	334,646
Seminars	879,298	-	-	879,298	972,867	-	-	972,867
Registrations and Fees	1,144,488	-	-	1,144,488	1,118,911	4,750	-	1,123,661
Total Service Contribution Activities	2,488,370	-	-	2,488,370	2,426,424	4,750	-	2,431,174
Fundraising and Support:								
Contributions - New Century Campaign	3,000	-	-	3,000	10,000	-	-	10,000
Special Events	276,798	169,053	-	445,851	204,532	75,225	-	279,757
Contributions - Other	343,735	39,350	-	383,085	199,713	39,562	-	239,275
Contribution from ALIS	885,496	-	-	885,496	927,860	-	-	927,860
Total Fundraising and Support	1,509,029	208,403	-	1,717,432	1,342,105	114,787	-	1,456,892
Investment Income:								
Interest and Dividends - Investments	289,491	182,320	-	471,811	314,944	180,444	-	495,388
Interest - Operating Account	15,725	-	-	15,725	16,253	-	-	16,253
Total Investment Income	305,216	182,320	-	487,536	331,197	180,444	-	511,641
Other:								
Sublease	79,772	-	-	79,772	90,976	-	-	90,976
Miscellaneous	14,526	-	-	14,526	1,144	-	-	1,144
Total Other Income	94,298	-	-	94,298	92,120	-	-	92,120
Reclass of Donor-Restricted								
Endowment Funds with Deficiencies	25,691	(25,691)	-	-	145,105	(145,105)	-	-
Net Assets Released From Restrictions:								
Grants and Scholarships	343,338	(343,338)	-	-	328,500	(328,500)	-	-
Release of Time Restrictions	327,243	(327,243)	-	-	188,218	(188,218)	-	-
	670,581	(670,581)	-	-	516,718	(516,718)	-	-
Total Revenue	12,250,612	(271,049)	-	11,979,563	11,900,602	(342,092)	-	11,558,510
EXPENSES								
Program Services:								
Grants and Scholarships	541,346	-	-	541,346	928,979	-	-	928,979
Publishing Activities	7,305,557	-	-	7,305,557	7,636,865	-	-	7,636,865
Seminars, Meetings and Certifications	2,539,869	-	-	2,539,869	2,629,552	-	-	2,629,552
Total Program Services	10,386,772	-	-	10,386,772	11,195,396	-	-	11,195,396
Supporting Services:								
Management and General	1,865,529	-	-	1,865,529	2,018,106	-	-	2,018,106
Fundraising	463,491	-	-	463,491	317,572	-	-	317,572
Total Supporting Services	2,329,020	-	-	2,329,020	2,335,678	-	-	2,335,678
Total Expenses	12,715,792	-	-	12,715,792	13,531,074	-	-	13,531,074
CHANGE IN NET ASSETS FROM OPERATIONS	(465,180)	(271,049)	-	(736,229)	(1,630,472)	(342,092)	-	(1,972,564)
Other Items:								
Realized Gain (Loss) on Investments	149,472	93,254	-	242,726	(125,127)	(68,392)	-	(193,519)
Unrealized Gain on Investments	824,764	536,390	-	1,361,154	1,450,428	876,077	-	2,326,505
CHANGE IN NET ASSETS	509,056	358,595	-	867,651	(305,171)	465,593	-	160,422
Beginning 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
ENDING NET ASSETS	<u>\$ 14,844,012</u>	<u>\$ 1,920,208</u>	<u>\$ 4,478,844</u>	<u>\$ 21,243,064</u>	<u>\$ 14,334,956</u>	<u>\$ 1,561,613</u>	<u>\$ 4,478,844</u>	<u>\$ 20,375,413</u>

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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 867,651	\$ 160,422
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation and Amortization	535,594	659,730
Unrealized Gain on Investments	(1,361,154)	(2,326,505)
Realized (Gain) Loss on Sales of Investments	(242,726)	193,519
(Gain) Loss on Disposal of Equipment	(8,706)	6,751
Changes in Assets and Liabilities:		
Accounts Receivable	(45,910)	324,540
Due from Affiliated Entities, Net	(717)	2,523
Inventory	79,752	215,379
Prepaid Expenses and Deposits	44,606	512
Promises to Give	271,893	80,718
Grants Receivable	133,813	132,591
Development Costs	134,024	334,851
Accounts Payable and Accrued Expenses	(213,182)	114,743
Due to Affiliated Entities, Net	(18,024)	68,315
Deferred Revenue	(25,428)	(12,635)
Deferred Rent Credit	(57,865)	(54,002)
Net Cash Used in Operating Activities	(40,192)	(231,139)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,753,292)	(11,421,252)
Proceeds from Sales and Maturities of Investments	8,223,860	12,485,867
Purchases of Property and Equipment	(71,247)	(146,224)
Net Cash Provided by Investing Activities	399,321	918,391
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease Obligations	(256,368)	(363,212)
Net Cash Used in Financing Activities	(256,368)	(363,212)
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,761	324,040
Cash and Cash Equivalents - Beginning of Period	1,395,980	1,071,940
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 1,498,741	\$ 1,395,980
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 36,063	\$ 52,374
Assets Acquired Through Capital Leases	\$ 125,404	\$ 567,859

See accompanying Notes to Consolidated Financial Statements.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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 intra-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 2007 through 2010 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
DECEMBER 31, 2010 AND 2009

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 \$788,069 and \$913,358, in amortized development costs, under publishing activities, during 2010 and 2009, 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
DECEMBER 31, 2010 AND 2009

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
DECEMBER 31, 2010 AND 2009

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
DECEMBER 31, 2010 AND 2009

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 include marketing brochures, flyers, and complimentary material of the Institute, are expensed as incurred. Advertising costs charged to expense totaled \$197,565 for 2010 and \$61,991 for 2009.

Measure of Operations

The Foundation and the Institute consider realized and unrealized gains and losses on investments to be other items not included in operations.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the December 31, 2009 consolidated financial statements in order to present them in conformity with the December 31, 2010 consolidated financial statements.

Subsequent Events

In preparing these financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through April 28, 2011, 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 for the Foundation. 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.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 4 INVESTMENTS (CONTINUED)

Investments are comprised of the following at December 31:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 6,255,568	\$ 7,160,410	\$ 5,854,532	\$ 5,693,982
Mutual Funds - Equities	3,357,125	3,221,605	3,552,814	3,087,642
Mutual Funds - Fixed Income	1,127,227	1,109,978	682,105	610,951
Government Notes and Bonds	2,960,956	3,048,226	3,317,253	3,334,559
Corporate Bonds	2,246,855	2,401,133	2,237,780	2,359,306
Foreign Bonds	70,259	82,625	139,658	152,448
Preferred Stock	9,143	11,283	8,811	10,331
Hedge Funds	327,765	310,991	1,050,000	1,234,069
Real Estate Funds	35,121	46,361	76,859	77,961
Money Funds and Custodian Cash	819,656	819,656	517,707	517,707
	<u>\$ 17,209,675</u>	<u>\$ 18,212,268</u>	<u>\$ 17,437,519</u>	<u>\$ 17,078,956</u>

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

	2010	2009
Interest and Dividends	\$ 487,536	\$ 511,641
Realized Gain (Loss)	242,726	(193,519)
Unrealized Gains	1,361,154	2,326,505
	<u>\$ 2,091,416</u>	<u>\$ 2,644,627</u>

Investment fees for all investments totaled \$67,996 and \$61,286 for the years ended December 31, 2010 and 2009, respectively. Fees related to restricted investments totaled \$25,704 and \$21,965 for the years ended December 31, 2010 and 2009, respectively, and have been netted against temporarily restricted interest and dividends in the consolidated statements of activities.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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:

	2010			Total
	Level 1	Level 2	Level 3	
Equities	\$ 7,160,410	\$ -	\$ -	\$ 7,160,410
Mutual Funds - Equities	3,221,605	-	-	3,221,605
Mutual Funds - Fixed Income	1,109,978	-	-	1,109,978
Government Notes and Bonds	-	3,048,226	-	3,048,226
Corporate Bonds	-	2,401,133	-	2,401,133
Foreign Bonds	-	82,625	-	82,625
Preferred Stock	-	11,283	-	11,283
Hedge Funds	-	-	310,991	310,991
Real Estate Funds	-	-	46,361	46,361
	<u>\$ 11,491,993</u>	<u>\$ 5,543,267</u>	<u>\$ 357,352</u>	<u>\$ 17,392,612</u>

	2009			Total
	Level 1	Level 2	Level 3	
Equities	\$ 5,693,982	\$ -	\$ -	\$ 5,693,982
Mutual Funds - Equities	3,087,642	-	-	3,087,642
Mutual Funds - Fixed Income	610,951	-	-	610,951
Government Notes and Bonds	-	3,334,559	-	3,334,559
Corporate Bonds	-	2,359,306	-	2,359,306
Foreign Bonds	-	152,448	-	152,448
Preferred Stock	-	10,331	-	10,331
Hedge Funds	-	-	1,234,069	1,234,069
Real Estate Funds	-	-	77,961	77,961
	<u>\$ 9,392,575</u>	<u>\$ 5,856,644</u>	<u>\$ 1,312,030</u>	<u>\$ 16,561,249</u>

Level 3 assets are valued using the income approach. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques. There were no changes in the valuation techniques during the years ended December 31, 2010, and 2009. The following table provides a summary of changes in fair value of the Foundation's and Institute's Level 3 financial assets for the years ended December 31:

	2010	2009
Beginning Balance	\$ 1,312,030	\$ 1,167,216
Purchases	10,559	31,161
Sales	(774,532)	(9,731)
Unrealized and Realized Gains (Losses)	(190,705)	123,384
Ending Balances	<u>\$ 357,352</u>	<u>\$ 1,312,030</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 6 PROMISES TO GIVE

Promises to give at December 31, 2010 and 2009 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 was 3.45%.

The amount of the discounted promises to give at December 31, 2010 and 2009 at the realized present value is reflected below:

	2010	2009
Receivable in Less Than One Year	\$ 317,106	\$ 503,497
Receivable in One to Five Years	-	88,502
	317,106	591,999
Discount of Pledges to Present Value	-	(3,000)
Reserve for Uncollectable Amounts	(200,000)	(200,000)
Net Realized Present Value	\$ 117,106	\$ 388,999

Promises to give are presented in the December 31, 2010 and 2009 Consolidated Statements of Financial Position as follows:

	2010	2009
Promises to Give, Current Portion	\$ 117,106	\$ 303,497
Promises to Give, Long-Term Portion	-	85,502
Total Promises to Give	\$ 117,106	\$ 388,999

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 \$182,323 and \$186,199 for the years ended December 31, 2010 and 2009, respectively.

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 8 LINE OF CREDIT

The Institute has a \$500,000 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. The line of credit is renewable on an annual basis. No outstanding amounts due existed on the line of credit at December 31, 2010 and 2009. 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 intra-company accounts.

Receipts collected by AH&LA 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 \$314,000 and \$228,000 for 2010 and 2009, respectively. Expenses paid by AH&LA 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 \$691,000 and \$748,000 in 2010 and 2009, respectively. At December 31, 2010 and 2009, the Foundation owed AH&LA \$134,503 and \$167,371, respectively, for special event sponsorship.

AH&LA collected payments on behalf of the Institute totaling approximately \$48,000 and \$30,000 in 2010 and 2009, 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 \$264,000 and \$174,000 in 2010 and 2009, respectively. At December 31, 2010 and 2009, the Institute owed AH&LA \$47,587 and \$33,461, respectively.

At December 31, 2010 and 2009, 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 in the western United States on an annual basis. The proportionate share of net income realized by AH&LA during 2010 and 2009 was \$1,226,582 and \$1,281,238, respectively. In accordance with the LLC operating agreement, the Foundation and Institute received in the form of a contribution approximately \$443,000 each for 2010 and \$464,000 for 2009 from ALIS.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009 was \$326,444 and \$318,105, respectively.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 438,181
2012	451,420
2013	464,844
2014	478,829
2015	493,187
Thereafter	<u>507,917</u>
Total Minimum Lease Payments	<u>\$ 2,834,378</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 \$25,123 and \$28,016 during 2010 and 2009, 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 \$79,772 and \$90,976 for 2010 and 2009, respectively.

Future minimum rentals to be received under the lease agreement are approximately \$76,000, which are to be received in 2011.

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:

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

NOTE 10 COMMITMENTS (CONTINUED)

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 248,101
2012	198,728
2013	138,902
2014	<u>30,219</u>
Total Minimum Lease Payments	615,950
Less: Amount Representing Interest	<u>(26,455)</u>
Present Value of Minimum Lease Payments	589,495
Less: Current Maturities	<u>(232,926)</u>
Noncurrent Portion of Obligations Under Capital Lease	<u><u>\$ 356,569</u></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

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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:

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, January 01, 2010	\$ (31,624)	\$ 1,155,629	\$ 4,478,844	\$ 5,602,849
Investment Return:				
Investment Income	-	208,024	-	208,024
Net Realized and Unrealized Gains	-	629,644	-	629,644
Total Investment Return	-	837,668	-	837,668
Contributions	-	38,100	-	38,100
Appropriations of Endowment Assets for Expenditure	-	(174,290)	-	(174,290)
Other Changes:				
Reclass of Donor-Restricted Endowment Funds with Deficiencies	25,691	(25,691)	-	-
Endowment Net Assets, December 31, 2010	<u>\$ (5,933)</u>	<u>\$ 1,831,416</u>	<u>\$ 4,478,844</u>	<u>\$ 6,304,327</u>
	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, January 01, 2009	\$ (176,729)	\$ 504,353	\$ 4,478,844	\$ 4,806,468
Investment Return:				
Investment Income	-	202,409	-	202,409
Net Realized and Unrealized Gains	-	807,685	-	807,685
Total Investment Return	-	1,010,094	-	1,010,094
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>\$ 1,155,629</u>	<u>\$ 4,478,844</u>	<u>\$ 5,602,849</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 \$5,933 and \$31,624 as of December 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during 2008.

**AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
 AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

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:

	2010		Total
	General Fund	Development Fund	
Cost of educational materials sold	\$ 2,545,292	\$ -	\$ 2,545,292
Cost of other sales	288,768	-	288,768
Administrative	1,175,067	-	1,175,067
Personnel	5,359,101	-	5,359,101
Travel	105,653	-	105,653
Promotional	540,365	108,097	648,462
Rent	326,444	-	326,444
Depreciation and amortization	534,886	-	534,886
Interest	35,805	-	35,805
Miscellaneous	1,015	-	1,015
Total expenses	<u>\$ 10,912,396</u>	<u>\$ 108,097</u>	<u>\$ 11,020,493</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 12 EDUCATIONAL INSTITUTE EXPENSES (CONTINUED)

	2009		
	General Fund	Development Fund	Total
Cost of educational materials sold	\$ 2,974,739	\$ -	\$ 2,974,739
Seminars	1,041	-	1,041
Cost of other sales	199,623	-	199,623
Administrative	1,260,413	-	1,260,413
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>

NOTE 13 CONTINGENCIES

The Institute has been recognized by the India Supreme Court as having tax-exempt status regarding its operations in that country. The Indian Central Board of Direct Taxes (CBDT), through its local tax authorities, has communicated a challenge to the Institute's exempt status based on a condition that requires the Institute to apply 75% of its India generated accounting income toward educational expenditures in India. The Institute filed a writ petition with the Bombay High Court to counter this CBDT claim by contesting both, the propriety of the 75% accounting income computation and the attendant \$2.4 million of security amount claimed by local tax authorities. The Bombay High Court upheld the application of 75% accounting income towards educational expenditure in India but has directed the tax authorities to consider whether the institute meets the 75% criteria with respect to expenditure for educational purposes. The Honorable Supreme Court of India had confirmed the claim of the Institute that to avail the exemption, application of expenditure should be for educational purposes and shall not be construed as application of expenditure for educational purposes in India only. Consequently, the Institute is now in the process of filing yet another writ petition to the Bombay High Court that the tax authorities must consider the cost of materials supplied by the HO for educational purposes on behalf of the branch office while calculating the 75% accounting income to be applied for educational purposes. The Institute believes that the resolution of these matters will not have a material effect on the organization's financial position or results of operations and that it has appropriate support for the technical merits of any tax positions taken in this case, and as such, does not have any uncertain tax positions that are material to the financial statements.



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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, 2010 and 2009 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 22 - 29 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 28, 2011



AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(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	\$ 220,841	\$ 1,259,932	\$ 17,968	\$ 1,277,900	\$ -	\$ 1,498,741
Accounts Receivable	-	1,256,239	-	1,256,239	-	1,256,239
Less: Allowance for Doubtful Accounts	-	(158,048)	-	(158,048)	-	(158,048)
Total	-	1,098,191	-	1,098,191	-	1,098,191
Grants Receivable	-	-	218,302	218,302	(218,302)	-
Due from Affiliated Entities:						
American Hotel & Lodging Educational Institute	1,314	-	-	-	(1,314)	-
Total	1,314	-	-	-	(1,314)	-
Promises to Give	317,106	-	-	-	-	317,106
Less: Reserve for Uncollectible Amounts	(200,000)	-	-	-	-	(200,000)
Total	117,106	-	-	-	-	117,106
Inventory	-	417,751	-	417,751	-	417,751
Prepaid Expenses and Deposits	15,962	229,440	-	229,440	-	245,402
Other Assets	-	38,950	-	38,950	-	38,950
Total Current Assets	355,223	3,044,264	236,270	3,280,534	(219,616)	3,416,141
INVESTMENTS	17,914,463	297,805	-	297,805	-	18,212,268
GRANTS RECEIVABLE , Net of Current Portion	-	-	144,059	144,059	(144,059)	-
Less: Discount to Present Value	-	-	(8,600)	(8,600)	8,600	-
	-	-	135,459	135,459	(135,459)	-
DUE FROM/DUE TO OTHER FUNDS	-	(3,036,708)	3,036,708	-	-	-
DEVELOPMENT COSTS						
Finished Goods, net of amortization	-	759,281	-	759,281	-	759,281
Work-in-Progress	-	386,321	-	386,321	-	386,321
Total Development Cost	-	1,145,602	-	1,145,602	-	1,145,602
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	443,703	-	443,703	-	450,203
Computer Equipment and Software	27,050	1,110,535	-	1,110,535	-	1,137,585
Capital Lease Assets	-	1,060,500	-	1,060,500	-	1,060,500
Total Property and Equipment	33,550	4,474,782	-	4,474,782	-	4,508,332
Less: Accumulated Depreciation and Amortization	(31,510)	(2,869,431)	-	(2,869,431)	-	(2,900,941)
	2,040	1,605,351	-	1,605,351	-	1,607,391
Total Assets	\$ 18,271,726	\$ 3,056,314	\$ 3,408,437	\$ 6,464,751	\$ (355,075)	\$ 24,381,402

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2010
(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	\$ 190,271	\$ 896,804	\$ -	\$ 896,804	\$ -	\$ 1,087,075
Grants Payable	218,302	-	-	-	(218,302)	-
Due to Affiliated Entities:						
American Hotel & Lodging Association	134,503	47,588	-	47,588	-	182,091
American Hotel and Lodging Educational Foundation, Inc.	-	1,314	-	1,314	(1,314)	-
American Hotel Association Directory Corporation	-	7,231	-	7,231	-	7,231
Total Accounts Payable and Accrued Expenses	134,503	56,133	-	56,133	(1,314)	189,322
Deferred Revenue	-	426,743	-	426,743	-	426,743
Liability for Returns	-	254,327	-	254,327	-	254,327
Capital Lease	-	232,926	-	232,926	-	232,926
Total Current Liabilities	<u>543,076</u>	<u>1,866,933</u>	<u>-</u>	<u>1,866,933</u>	<u>(219,616)</u>	<u>2,190,393</u>
GRANTS PAYABLE, Net of Current Portion	144,059	-	-	-	(144,059)	-
Less: Discount to Present Value	(8,600)	-	-	-	8,600	-
	<u>135,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,459)</u>	<u>-</u>
CAPITAL LEASE, Net of current portion	-	356,569	-	356,569	-	356,569
DEFERRED RENT CREDIT	-	591,376	-	591,376	-	591,376
Total Liabilities	<u>678,535</u>	<u>2,814,878</u>	<u>-</u>	<u>2,814,878</u>	<u>(355,075)</u>	<u>3,138,338</u>
NET ASSETS						
Unrestricted:						
General	686,384	222,086	-	222,086	-	908,470
Designated	10,527,105	-	3,408,437	3,408,437	-	13,935,542
Total Unrestricted	11,213,489	222,086	3,408,437	3,630,523	-	14,844,012
Temporarily Restricted	1,900,858	19,350	-	19,350	-	1,920,208
Permanently Restricted	4,478,844	-	-	-	-	4,478,844
Total Net Assets	<u>17,593,191</u>	<u>241,436</u>	<u>3,408,437</u>	<u>3,649,873</u>	<u>-</u>	<u>21,243,064</u>
Total Liabilities and Net Assets	<u>\$ 18,271,726</u>	<u>\$ 3,056,314</u>	<u>\$ 3,408,437</u>	<u>\$ 6,464,751</u>	<u>\$ (355,075)</u>	<u>\$ 24,381,402</u>

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		Total	Eliminations	
	General Fund	Development Fund				
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 and Lodging Educational Foundation, Inc.	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	-	(2,648,030)	2,648,030	-	-	-
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	\$ 4,144,082	\$ 3,139,546	\$ 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		Total	Eliminations	
	General Fund	Development Fund				
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 & 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	658,511	1,945,712	-	1,945,712	(142,026)	2,462,197
GRANTS PAYABLE, Net of Current Portion	354,745	-	-	-	(354,745)	-
Less: Discount to Present Value	(22,800)	-	-	-	22,800	-
	331,945	-	-	-	(331,945)	-
CAPITAL LEASE, Net of current portion	-	473,080	-	473,080	-	473,080
DEFERRED RENT CREDIT	-	649,241	-	649,241	-	649,241
Total Liabilities	990,456	3,068,033	-	3,068,033	(473,971)	3,584,518
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	16,159,818	1,076,049	3,139,546	4,215,595	-	20,375,413
Total Liabilities and Net Assets	\$ 17,150,274	\$ 4,144,082	\$ 3,139,546	\$ 7,283,628	\$ (473,971)	\$ 23,959,931

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
(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	Unrestricted	Temporarily Restricted	Fund Unrestricted	Total		
REVENUE										
Product Activities:										
Sales of Educational Materials	\$ -	\$ -	\$ -	\$ -	\$ 7,501,378	\$ 34,500	\$ -	\$ 7,535,878	\$ -	\$ 7,535,878
Less Returns and Allowances	-	-	-	-	(736,123)	-	-	(736,123)	-	(736,123)
Net Sales of Educational Materials	-	-	-	-	6,765,255	34,500	-	6,799,755	-	6,799,755
Shipping and Handling	-	-	-	-	392,172	-	-	392,172	-	392,172
Total Product Contribution Activities	-	-	-	-	7,157,427	34,500	-	7,191,927	-	7,191,927
Seminars, Meetings and Certifications:										
Licenses	-	-	-	-	464,584	-	-	464,584	-	464,584
Seminars, Special Projects and Partner Program	-	-	-	-	879,298	-	-	879,298	-	879,298
Registrations and Fees	-	-	-	-	1,144,488	-	-	1,144,488	-	1,144,488
Total Service Contribution Activities	-	-	-	-	2,488,370	-	-	2,488,370	-	2,488,370
Fundraising and Support:										
Grant from AH&LEF	-	-	-	-	63,085	-	111,415	174,500	(174,500)	-
Contributions - New Century Campaign	3,000	-	-	3,000	-	-	-	-	-	3,000
Special Events	276,798	169,053	-	445,851	-	-	-	-	-	445,851
Contributions - Other	337,551	38,100	-	375,651	6,184	1,250	-	7,434	-	383,085
Contribution from ALIS	442,748	-	-	442,748	-	-	442,748	442,748	-	885,496
Total Fundraising and Support	1,060,097	207,153	-	1,267,250	69,269	1,250	554,163	624,682	(174,500)	1,717,432
Investment Income:										
Interest and Dividends - Investments	279,913	182,320	-	462,233	9,578	-	7,616	17,194	(7,616)	471,811
Interest - Operating Account	-	-	-	-	15,725	-	-	15,725	-	15,725
Total Investment Income	279,913	182,320	-	462,233	25,303	-	7,616	32,919	(7,616)	487,536
Other Income:										
Amortization of AH&LEI Grant Discount	-	-	-	-	-	-	14,200	14,200	(14,200)	-
Sublease	-	-	-	-	79,772	-	-	79,772	-	79,772
Miscellaneous	41	-	-	41	14,476	-	9	14,485	-	14,526
Total Other Income	41	-	-	41	94,248	-	14,209	108,457	(14,200)	94,298
Reclass of Donor-Restricted										
Endowment Funds with Deficiencies	25,691	(25,691)	-	-	-	-	-	-	-	-
Net Assets Released From Restrictions:										
Release of Purpose Restrictions	343,338	(343,338)	-	-	199,000	-	(199,000)	-	-	-
Release of Time Restrictions	271,893	(271,893)	-	-	55,350	(55,350)	-	-	-	-
Total Net Assets Released From Restrictions	615,231	(615,231)	-	-	254,350	(55,350)	(199,000)	-	-	-
Total Revenue	1,980,973	(251,449)	-	1,729,524	10,088,967	(19,600)	376,988	10,446,355	(196,316)	11,979,563
EXPENSES										
Program Services:										
Grants and Scholarships:										
Workforce Development Grant	91,000	-	-	91,000	-	-	-	-	(91,000)	-
Amortization of AH&LEI Grant Discount	14,200	-	-	14,200	-	-	-	-	(14,200)	-
Other Grants and Scholarships	632,462	-	-	632,462	-	-	-	-	(91,116)	541,346
Total Grants and Scholarships	737,662	-	-	737,662	-	-	-	-	(196,316)	541,346
Publishing Activities	-	-	-	-	7,225,346	-	80,211	7,305,557	-	7,305,557
Seminars, Meetings and Certifications:	-	-	-	-	2,511,983	-	27,886	2,539,869	-	2,539,869
Total Program Services	737,662	-	-	737,662	9,737,329	-	108,097	9,845,426	(196,316)	10,386,772
Supporting Services:										
Management and General	690,462	-	-	690,462	1,175,067	-	-	1,175,067	-	1,865,529
Fundraising	463,491	-	-	463,491	-	-	-	-	-	463,491
Total Supporting Services	1,153,953	-	-	1,153,953	1,175,067	-	-	1,175,067	-	2,329,020
Total Expenses	1,891,615	-	-	1,891,615	10,912,396	-	108,097	11,020,493	(196,316)	12,715,792
CHANGE IN NET ASSETS FROM OPERATIONS	89,358	(251,449)	-	(162,091)	(823,429)	(19,600)	268,891	(574,138)	-	(736,229)
Other Items:										
Realized Gain on Investments	145,776	93,254	-	239,030	3,696	-	-	3,696	-	242,726
Unrealized Gain on Investments	820,044	536,390	-	1,356,434	4,720	-	-	4,720	-	1,361,154
CHANGE IN NET ASSETS	1,055,178	378,195	-	1,433,373	(815,013)	(19,600)	268,891	(565,722)	-	867,651
Beginning 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
ENDING NET ASSETS	\$ 11,213,489	\$ 1,900,858	\$ 4,478,844	\$ 17,593,191	\$ 222,086	\$ 19,350	\$ 3,408,437	\$ 3,649,873	\$ -	\$ 21,243,064

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	Temporarily Restricted	Development Fund	Total		
REVENUE										
Product Activities:										
Sales of Educational Materials	\$ -	\$ -	\$ -	\$ -	\$ 7,526,349	\$ 19,750	\$ -	\$ 7,546,099	\$ -	\$ 7,546,099
Less Returns and Allowances	-	-	-	-	(880,794)	-	-	(880,794)	-	(880,794)
Net sales of educational materials	-	-	-	-	6,645,555	19,750	-	6,665,305	-	6,665,305
Shipping and Handling	-	-	-	-	401,378	-	-	401,378	-	401,378
Total Product Contribution Activities	-	-	-	-	7,046,933	19,750	-	7,066,683	-	7,066,683
Seminars, Meetings and Certifications:										
Licenses	-	-	-	-	334,646	-	-	334,646	-	334,646
Seminars, Special Projects and Partner Program	-	-	-	-	972,867	-	-	972,867	-	972,867
Registrations and Fees	-	-	-	-	1,118,911	4,750	-	1,123,661	-	1,123,661
Total Service Contribution Activities	-	-	-	-	2,426,424	4,750	-	2,431,174	-	2,431,174
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	(8,838)	-	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
Publishing Activities	-	-	-	-	7,520,781	-	116,084	7,636,865	-	7,636,865
Seminars, Meetings and Certifications:										
Total Program Services	1,214,117	-	-	1,214,117	10,110,362	-	156,055	10,266,417	(285,138)	11,195,396
Supporting Services:										
Management and General	757,693	-	-	757,693	1,260,413	-	-	1,260,413	-	2,018,106
Fundraising	317,572	-	-	317,572	-	-	-	-	-	317,572
Total Supporting Services	1,075,265	-	-	1,075,265	1,260,413	-	-	1,260,413	-	2,335,678
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 Gain (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 CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(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	\$ 1,433,373	\$ (565,722)	\$ 867,651
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:			
Depreciation and Amortization	868	534,726	535,594
Unrealized Gain on Investments	(1,356,434)	(4,720)	(1,361,154)
Realized Gain on Sales of Investments	(239,030)	(3,696)	(242,726)
Gain on Disposal of Equipment	-	(8,706)	(8,706)
Amortization of Discount on Grant	14,200	(14,200)	-
Changes in Assets and Liabilities:			
Accounts Receivable	-	(45,910)	(45,910)
Due from Affiliated Entities	(717)	-	(717)
Inventory	-	79,752	79,752
Prepaid Expenses and Deposits	3,968	40,638	44,606
Promises to Give	271,893	-	271,893
Grants Receivable	-	133,813	133,813
Development Costs	-	134,024	134,024
Accounts Payable and Accrued Expenses	(159,165)	(54,017)	(213,182)
Due to Affiliated Entities	(32,868)	14,844	(18,024)
Deferred Revenue	(275)	(25,153)	(25,428)
Deferred Rent Credit	-	(57,865)	(57,865)
Grants Payable	(133,813)	-	(133,813)
Net Cash (Used in) Provided by Operating Activities	<u>(198,000)</u>	<u>157,808</u>	<u>(40,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(7,646,064)	(107,228)	(7,753,292)
Proceeds from Sales and Maturities of Investments	7,933,825	290,035	8,223,860
Purchases of Property and Equipment	-	(71,247)	(71,247)
Net Cash Provided by Investing Activities	<u>287,761</u>	<u>111,560</u>	<u>399,321</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on Capital Lease Obligations	-	(256,368)	(256,368)
Net Cash Used in Financing Activities	<u>-</u>	<u>(256,368)</u>	<u>(256,368)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,761	13,000	102,761
Cash and Cash Equivalents - Beginning of Period	<u>131,080</u>	<u>1,264,900</u>	<u>1,395,980</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 220,841</u>	<u>\$ 1,277,900</u>	<u>\$ 1,498,741</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash Paid During the Year for Interest	<u>\$ -</u>	<u>\$ 36,063</u>	<u>\$ 36,063</u>
Assets Acquired Through Capital Leases	<u>\$ -</u>	<u>\$ 125,404</u>	<u>\$ 125,404</u>

AMERICAN HOTEL AND LODGING EDUCATIONAL FOUNDATION, INC.
AMERICAN HOTEL & LODGING EDUCATIONAL INSTITUTE
CONSOLIDATING STATEMENT OF CASH FLOWS
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 (Used in) 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
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	83,000	241,540	324,540
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
Grants Receivable	-	132,591	132,591
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)
Grants Payable	(132,591)	-	(132,591)
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 In 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 Cash 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 Acquired Through Capital Leases	<u>\$ -</u>	<u>\$ 567,859</u>	<u>\$ 567,859</u>