NATIONAL ASSOCIATION OF COLLEGE STORES

Statements of Financial Position

Years ended March 31, 2009 and March 31, 2008

	2009	2008
ASSETS		
CURRENT ASSETS:		
Marketable securities	$4,264,097	$5,893,450
Receivables-		
Trade, net	179,972	276,007
Other	70,171	42,704
NACSCORP	34,815	-
NACS Foundation	451,834	355,278
Inventories	63,280	57,817
Deferred tax asset	76,449	56,747
Prepaid expenses and other current assets	132,235	114,320
Total current assets	5,272,853	6,796,323
INVESTMENTS:		
NACSCORP	2,601,762	2,491,644
PartnerShip	958,466	667,813
NACS Media Solutions	66,911	-
PROPERTY, BUILDING AND EQUIPMENT:		
Land and land improvements	192,015	192,015
Building and building improvements	2,987,994	2,736,828
Furniture/Equipment	559,640	559,639
Technology	1,262,901	1,136,564
	$5,002,550	$4,625,046
Less accumulated depreciation and amortization	(2,738,880)	(2,488,468)
	2,263,670	2,136,578
TOTAL ASSETS	$11,163,662	$12,092,358
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$479,576	$279,662
Current portion of long-term debt	70,000	70,000
Payables:		
Trade and publishers	1,212,958	1,115,449
NACSCORP	-	50,739
Accrued wages and payroll taxes	624,377	534,956
Other accrued liabilities	750,800	539,836
Deferred Income	1,097,522	1,400,598
Total current liabilities	4,235,233	3,991,240
Deferred gain on sale of warehouse	-	13,108
Long-term debt, less current portion	478,333	548,333
Deferred tax liability	447,905	470,749
TOTAL LIABILITIES	5,161,471	5,023,430
NET ASSETS		
Unrestricted net assets:		
Undesignated	1,564,101	2,741,108
Designated by the Board of Trustees	4,000,000	4,000,000
Designated by Member Interest Groups	438,090	327,820
Total unrestricted net assets	6,002,191	7,068,928
TOTAL LIABILITIES AND NET ASSET	$11,163,662	$12,092,358

An audit of NACS, Inc. was performed by the independent accounting firm of Maloney & Novotny. The financial information disclosed here has been extracted from the NACS, Inc. and Subsidiaries consolidated financial statements covered by the Report of the Independent Certified Public Accountants dated June 11, 2009, for the year ended March 31, 2009, in which an unqualified opinion was given. A copy of the full audit report is available upon request from NACS.

On a consolidated financial basis, NACS' change in net assets before other net gains (losses) on marketable securities and income taxes was $1.7 million, which compares with the prior year's $1.5 million.

The core association operations, which provide ongoing member services and programs, exceeded budget expectations and generated a surplus. This was once again led by PartnerShip income, which exhibited exceptional growth from its Select Services program, and a successful CAMEX, which was held in Anaheim, CA. In addition, I am pleased to report that NACSCORP experienced its sixth consecutive year of profitability with an increase over the prior year!

Total assets of NACS, Inc. stand at $37.8 million as of March 31, 2009, vs. $34.8 million at March 31, 2008.

This solid financial performance has enabled NACS to make several significant investments that will yield improved service to members and operational savings to the organization. Examples of these improvements are:

- Expansion of the association's information technology infrastructure to ensure it will support increased operational demands.
- Introduction of a host of online educational offerings.
- Initial funding of NACS Media Solutions LLC, which is exploring ways members can compete in the digital course material and print-on-demand marketplace.
- Completion of a Campus Relations Toolkit aimed at helping members communicate their value to the campus.
- Launch of a Public Affairs campaign to positively influence key decision makers and position NACS members as champions of course material affordability.
- Advocacy related to passage of the federal Higher Education Opportunity Act
- Re-branding of Collegiate Research Services as OnCampus Research.

Despite a challenging economy, we are projecting another operating surplus for NACS' core operations and its subsidiaries for fiscal 2010. This will ensure a financially sound association that can continue to maintain and grow important member services.

Frank J. Sulen, CPA
Chief Financial Officer

NATIONAL ASSOCIATION OF COLLEGE STORES

Statements of Activities

Years ended March 31, 2009 and March 31, 2008

	2009	2008
GROSS REVENUES, AND OTHER SUPPORT:		
Product sales and services	$356,571	$433,852
Membership dues	1,740,186	1,742,676
Meetings, expositions and educational programs	5,024,896	4,965,295
Publications/advertising	642,997	753,901
Investment income	139,292	186,181
Management fee- NACS Foundation	266,887	276,359
Miscellaneous income	13,103	42,000
Total net revenues and other support	8,183,932	8,400,264
EXPENSES:		
Cost of products and services sold	428,215	461,566
Membership services	1,742,564	1,797,733
Meetings, expositions and educational programs	3,868,952	3,727,425
Publications/advertising	907,111	965,280
NACS Foundation expense	266,887	276,359
Selling, general and administrative	1,001,277	984,166
Depreciation and amortization	250,412	229,145
Governance	643,897	571,124
Public relations/advocacy	765,279	799,850
Interest	38,917	49,511
Total expenses	9,913,511	9,862,159
CHANGE IN NET ASSETS BEFORE OTHER, NET, AND LOSSES ON MARKETABLE SECURITIES	(1,729,579)	(1,461,895)
Contribution to NACS Foundation	(304,000)	(219,000)
Net realized and unrealized losses on marketable securities	(1,739,637)	(149,828)
	(2,043,637)	(368,828)
CHANGE IN NET ASSETS BEFORE EQUITY EARNINGS AND TAXES	(3,773,216)	(1,830,723)
Equity earnings of NACSCORP	110,118	(183,171)
Equity earnings of PartnerShip	4,454,133	3,490,716
Equity earnings of NACS Media Solutions	(484,845)	-
CHANGE IN NET ASSETS BEFORE TAXES	306,190	1,476,822
Federal income tax provisions	(1,372,927)	(1,288,819)
CHANGE IN NET ASSETS AFTER TAXES	(1,066,737)	188,003
UNRESTRICTED NET ASSETS – END OF YEAR	$6,002,191	$7,068,928

NATIONAL ASSOCIATION OF COLLEGE STORES

Statements of Cash Flow

Years ended March 31, 2009 and March 31, 2008

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets:	$(5,146,143)	$(3,119,542)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	250,412	229,145
Deferred income taxes	(42,546)	(81,705)
Net realized and unrealized losses on marketable securities	1,739,637	149,828
Amortization of gain on sale of warehouse and office building	(13,108)	(42,000)
Changes in operating assets and liabilities:		
Trade receivables, net	96,035	66,847
Other receivables	(27,467)	57,382
Inventories	(5,463)	26,252
Prepaid expenses and other current assets	(17,915)	24,618
Trade and publisher payables	97,509	(168,720)
NACS Foundation receivable/payable	(96,556)	(156,244)
NACSCORP payable	(85,554)	(126,021)
Accrued wages and payroll taxes	89,421	62,807
Other accrued liabilities	210,964	(60,793)
Deferred income	(303,076)	314,638
Net cash provided by (used for) operating activities	(3,253,850)	(2,823,508)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, net	(377,504)	(221,194)
Marketable securities, net purchases	(110,284)	(382,487)
Net cash used for investing activities	(487,788)	(603,681)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on line of credit	199,914	46,115
Net payments on long-term debt	(70,000)	(70,000)
(Payments on) proceeds from capital distribution	(551,756)	3,451,074
Proceeds from (payments on) capital distribution	4,163,480	-
Net cash provided by (used for) financing activities	3,741,638	3,427,189
DECREASE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS – END OF YEAR	-	-
Supplemental Disclosures:		
Cash paid during the year for:		
Income Taxes	$1,034,335	$1,257,657
Interest	$38,917	$49,511