



STUDENTS OF GEORGETOWN, INC.
Financial Statements

For the Years Ended June 30, 2008 and 2007



and
Report Thereon





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Students of Georgetown, Inc.

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statements of financial position of Students of Georgetown, Inc. (the CORP) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the CORP's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CORP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 CORP as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RAFFA, P.C.

Washington, DC
September 9, 2008

STUDENTS OF GEORGETOWN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 204,364	\$ 211,420
Investments	1,235,091	765,514
Accounts receivable	19,635	26,299
Inventory	147,819	78,515
Prepaid expenses	12,574	16,847
Net property and equipment	243,722	262,619
TOTAL ASSETS	\$ 1,863,205	\$ 1,361,214
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 112,525	\$ 41,383
Bank overdraft	354,557	-
Deferred revenue	54,743	43,208
TOTAL LIABILITIES	521,825	84,591
Net Assets		
Unrestricted	1,341,380	1,276,623
TOTAL LIABILITIES AND NET ASSETS	\$ 1,863,205	\$ 1,361,214

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

STUDENTS OF GEORGETOWN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2008 and 2007

	2008	2007
SALES REVENUE		
Vital Vittles	\$ 2,265,920	\$ 2,005,760
Midnight Mug	515,242	437,779
Hoya Snaxa	473,611	472,558
Uncommon Grounds	438,611	461,180
More Uncommon Grounds	319,212	282,069
Student Storage	106,452	79,096
Book Co-op	31,539	42,559
Movie Mayhem.org	7,524	19,677
Other	9,856	10,415
Total Sales Revenue	4,167,967	3,811,093
COST OF GOODS SOLD		
Vital Vittles	1,729,794	1,545,431
Midnight Mug	272,749	210,949
Hoya Snaxa	317,161	319,232
Uncommon Grounds	187,448	194,206
More Uncommon Grounds	143,394	134,368
Student Storage	6,690	6,785
Book Co-op	35,587	29,328
Movie Mayhem.org	1,590	3,666
Other	19,349	5,103
Total Cost of Goods Sold	2,713,762	2,449,068
Gross Profit	1,454,205	1,362,025
OTHER REVENUE AND SUPPORT		
Net investment (loss) income	(35,247)	103,657
Special events	34,765	24,135
Other income	15,077	33,558
Total Other Revenue and Support	14,595	161,350
TOTAL GROSS PROFIT AND OTHER REVENUE AND SUPPORT	1,468,800	1,523,375

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

STUDENTS OF GEORGETOWN, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2008 and 2007
(Continued)

	2008	2007
EXPENSES		
Program Services		
Vital Vittles	370,010	346,249
Midnight Mug	159,763	142,905
Hoya Snaxa	97,899	93,580
Uncommon Grounds	181,179	181,516
More Uncommon Grounds	90,733	77,418
Student Storage	48,133	50,951
Book Co-op	22,594	17,141
Movie Mayhem.org	10,312	27,902
Special Events	37,269	45,308
Total Program Services	1,017,892	982,970
Supporting Services		
Management and General	386,151	370,534
Total Supporting Services	386,151	370,534
TOTAL EXPENSES	1,404,043	1,353,504
Change in Unrestricted Net Assets	64,757	169,871
NET ASSETS, BEGINNING OF YEAR	1,276,623	1,106,752
NET ASSETS, END OF YEAR	\$ 1,341,380	\$ 1,276,623

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

STUDENTS OF GEORGETOWN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007
Increase (Decrease) in Cash and Cash Equivalents

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 64,757	\$ 169,871
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	80,808	52,102
Loss on disposition of property and equipment	11,616	16,697
Realized gain on sale of investments	(9,578)	(45,839)
Unrealized loss (gain) on investments	80,706	(27,770)
Changes in assets and liabilities:		
Accounts receivable	6,664	10,439
Inventory	(69,304)	20,630
Prepaid expenses	4,273	(1,199)
Accounts payable and accrued expenses	71,142	(48,844)
Deferred revenue	11,535	6,395
	252,619	152,482
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	939,895	867,049
Purchases of investments	(1,480,600)	(874,880)
Purchases of property and equipment	(73,527)	(116,596)
	(614,232)	(124,427)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(361,613)	28,055
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	211,420	183,365
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (150,193)	\$ 211,420
Cash and cash equivalents reported in the statement of financial position	\$ 204,364	\$ 211,420
Bank overdraft reported as a liability in the statement of financial position	(354,557)	-
Total cash and cash equivalents reported in the statement of cashflows	\$ (150,193)	\$ 211,420

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

STUDENTS OF GEORGETOWN, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2008 and 2007

1. Organization and Summary of Significant Accounting Policies

Organization

Students of Georgetown, Inc. (the CORP) was incorporated in 1972 under the laws of the District of Columbia as a nonprofit organization. The CORP is managed wholly by undergraduate students of Georgetown University and operates independently of the University. The CORP provides low cost goods and services to the University community and its activities are primarily designed to provide educational benefits to its student employees through practical experience. The CORP operates various retail operations which include the following:

Vital Vittles	Grocery and household goods store
Hoya Snaxa	Mini-market
Uncommon Grounds	Coffee shop
Midnight Mug	Coffee shop
More Uncommon Grounds	Coffee cart
Student Storage	Seasonal storage service
Book Co-op	Used book service
Movie Mayhem.org	Movie rental store

Movie Mayhem.org was closed in the fall of 2007.

Cash Equivalents

The CORP considers all money market funds to be cash equivalents.

Investments

Investments consist of equity securities, U.S. government and agency obligations, corporate bonds, a certificate of deposit and mutual funds. These investments are recorded in the accompanying financial statements at their fair value, as based upon quoted market prices, as of June 30th.

Inventory

Inventory, which consists principally of retail goods held for resale, is stated at the lower of cost or market and is calculated using the first-in, first-out (FIFO) method of accounting.

STUDENTS OF GEORGETOWN, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2008 and 2007

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost and are depreciated using the straight-line method over an estimated economic useful life ranging principally from three to ten years with no salvage value. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation with any resulting gain or loss included in revenue or expense.

Classification of Net Assets

Unrestricted net assets represent the portion of expendable funds that are available for the support of the CORP's operations.

Revenue Recognition

The CORP recognizes sales revenue at the time of sale when the customer takes possession of the retail product, net of any discounts. Sales revenue is reported in the accompanying statements of activities net of applicable sales tax of \$189,586 and \$137,328, respectively, for the years ended June 30, 2008 and 2007.

Revenue from sales of storage contracts through the CORP's Student Storage service is recognized ratably over the contract term. Accordingly, such revenue not earned as of June 30, 2008 and 2007 is reflected as deferred revenue in the accompanying statements of financial position.

Allocation of Expenses

The costs of providing programs and general and administrative expenses have been summarized in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and general and administrative services based upon various methods deemed to justify the benefits received by those programs and supporting services.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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STUDENTS OF GEORGETOWN, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2008 and 2007**

2. Investments

The CORP's investments are summarized as follows:

	<u>June 30, 2008</u>		<u>June 30, 2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$ 799,024	\$ 780,793	\$ 343,692	\$ 408,932
U.S. government and agency obligations	227,483	226,565	232,771	229,396
Corporate bonds	181,157	177,126	80,281	78,403
Certificate of deposit	49,928	49,928	48,104	48,104
Mutual funds	<u>697</u>	<u>679</u>	<u>697</u>	<u>679</u>
Total	<u>\$1,258,289</u>	<u>\$1,235,091</u>	<u>\$ 705,545</u>	<u>\$ 765,514</u>

The certificate of deposit along with a savings account with a balance of \$1,501 as of June 30, 2007 included in cash and cash equivalents in the accompanying statements of financial position, represent restricted funds required to be maintained as collateral in accordance with the CORP's principal office lease with Georgetown University.

Investment returns are summarized as follows:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 25,565	\$ 22,586
Realized gain	9,578	45,839
Unrealized (loss) gain	<u>(80,706)</u>	<u>27,770</u>
Total	<u>\$(45,563)</u>	<u>\$ 96,195</u>

Also included in investment income in the accompanying statements of activities is the interest earned on cash and cash equivalents of \$10,316 and \$7,462 for the years ended June 30, 2008 and 2007, respectively.

STUDENTS OF GEORGETOWN, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2008 and 2007

3. Property and Equipment and Accumulated Depreciation and Amortization

The CORP held the following property and equipment as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Furniture and equipment	\$446,294	\$407,068
Leasehold improvements	28,487	28,487
Trademark	<u>12,311</u>	<u>12,311</u>
Total property and equipment	487,092	447,866
Less: Accumulated depreciation and amortization	<u>(243,370)</u>	<u>(185,247)</u>
Net property and equipment	<u>\$243,722</u>	<u>\$262,619</u>

The CORP also uses equipment in its various services which it neither owns nor leases. As such, the value of this equipment is not reflected in the accompanying financial statements. Such equipment consists of beverage coolers which are owned by third party vendors and used by the CORP in its retail stores.

4. Commitments and Contingencies

Office and Service Space

The CORP leases space for its various services under leases with Georgetown University. The existing leases for all services, except More Uncommon Grounds and Midnight Mug, are for one year terms.

The existing lease for the CORP's More Uncommon Grounds service was effective August 1, 2007 and expires July 31, 2009. The lease contains a renewal option which, if exercised, would extend the existing lease through July 31, 2011 under the same terms and conditions.

The existing lease for the CORP's Midnight Mug service was effective January 1, 2005 and expires December 31, 2008. The lease contains a renewal option which, if exercised by December 1, 2008, would extend the existing lease through December 31, 2012 under the same terms and conditions. Rent under this lease is equal to three percent of the gross revenue of Midnight Mug and is payable quarterly.

Rent expense under all of the CORP's office and service space leases was \$269,018 and \$259,271 for the years ended June 30, 2008 and 2007, respectively.

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STUDENTS OF GEORGETOWN, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2008 and 2007

4. Commitments and Contingencies (continued)

Concentration of Credit Risk

The cash and cash equivalents of the CORP are comprised of amounts in accounts at various banks. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the CORP has not experienced, nor does it anticipate, any loss of funds. As of June 30, 2008 and 2007, the amount in excess of the amount guaranteed by federal agencies was \$126,987 and \$178,667, respectively.

5. Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the CORP is exempt from federal taxes on income other than net unrelated business income. For the years ended June 30, 2008 and 2007, no provision for income taxes was made as the CORP had no net unrelated business income.