

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2010 calendar year, or tax year beginning **JUL 1, 2010** and ending **JUN 30, 2011**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization BUFFALO FINE ARTS ACADEMY Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1285 ELMWOOD AVENUE City or town, state or country, and ZIP + 4 BUFFALO, NY 14222 F Name and address of principal officer: same as C above	D Employer identification number 16-6001555 E Telephone number 716-882-8700 G Gross receipts \$ 97,651,179. H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ N/A		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
L Year of formation: 1862		M State of legal domicile: NY

Part I Summary

	1 Briefly describe the organization's mission or most significant activities: The Buffalo Fine Arts Academy was incorporated in 1862 to promote, cultivate and generally foster		
Activities & Governance	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	35
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	35
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	104
	6 Total number of volunteers (estimate if necessary)	6	0
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0.
Revenue		Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)	3,261,024.	3,335,091.
	9 Program service revenue (Part VIII, line 2g)	1,640,998.	1,971,587.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,178,092.	7,430,202.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	10,080,114.	12,736,880.
Expenses			
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,907,092.	3,638,618.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 450,338.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	5,980,145.	8,621,806.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	9,887,237.	12,260,424.
	19 Revenue less expenses. Subtract line 18 from line 12	192,877.	476,456.
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	120,847,418.	135,389,092.
	21 Total liabilities (Part X, line 26)	5,316,527.	5,752,131.
	22 Net assets or fund balances. Subtract line 21 from line 20	115,530,891.	129,636,961.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer CFO Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name Thomas P. Dobiesz	Preparer's signature Date Check if self-employed <input type="checkbox"/> PTIN
	Firm's name ▶ CHIAMPOU TRAVIS BESAW & KERSHNER LLP	Firm's EIN ▶
	Firm's address ▶ 45 BRYANT WOODS NORTH AMHERST, NY 14228	Phone no. 716-630-2400

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission: The Buffalo Fine Arts Academy was incorporated in 1862 to promote, cultivate and generally foster art in all its branches. It is the parent organization of the Albright-Knox Art Gallery, one of the Country's most prominent art museums, as well as an important cultural

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 4,513,894. including grants of \$) (Revenue \$) PURCHASE AND CONSERVATION OF WORKS OF ART-ART PURCHASED FOR THE PERMANENT COLLECTION AND RELATED CONSERVATION ACTIVITIES

4b (Code:) (Expenses \$ 2,966,393. including grants of \$) (Revenue \$ 1,300,402.) GALLERY OPERATIONS-MAINTENANCE AND SECURITY OF THE COLLECTION AND VARIOUS ACTIVITIES RELATING TO THE PERMANENT COLLECTION

4c (Code:) (Expenses \$ 1,236,176. including grants of \$) (Revenue \$ 664,288.) EDUCATIONAL PROGRAMS AND AUXILLARY ACTIVITIES-INCLUDE TOURS, WORKSHOPS, ART CLASSES, LECTURES, CONCERTS, FILMS AND COMMUNITY PROGRAM

4d Other program services. (Describe in Schedule O.) (Expenses \$ 1,051,385. including grants of \$) (Revenue \$ 6,897.)

4e Total program service expenses 9,767,848.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<input checked="" type="checkbox"/>	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	<input checked="" type="checkbox"/>	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		<input checked="" type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<input checked="" type="checkbox"/>	
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<input checked="" type="checkbox"/>	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<input checked="" type="checkbox"/>	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<input checked="" type="checkbox"/>	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		<input checked="" type="checkbox"/>
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>		<input checked="" type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	<input checked="" type="checkbox"/>	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		<input checked="" type="checkbox"/>
14a Did the organization maintain an office, employees, or agents outside of the United States?		<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<input checked="" type="checkbox"/>	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		<input checked="" type="checkbox"/>
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		<input checked="" type="checkbox"/>
b <i>If "Yes" to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)</i>		

Part IV Checklist of Required Schedules (continued)

	Yes	No	
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	X	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30	X	
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35		X
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

X

Table with columns for question numbers (1a-14b), Yes/No checkboxes, and numerical input fields. Contains questions about Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4966, Form 501(c)(7), Form 501(c)(12), Form 4947(a)(1), and Form 501(c)(29).

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	1a		35
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b		35
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Does the organization have members or stockholders?	X	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?		X
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
13	Does the organization have a written whistleblower policy?		X
14	Does the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	X	
b	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed **NY**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **MELISSA BRAINARD - 716-882-8700**
1285 ELMWOOD AVENUE, BUFFALO, NY 14222

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ALPHONSO O'NEIL-WHITE DIRECTOR	1.50	X					0.	0.	0.	
BRIAN CARTER DIRECTOR	1.50	X					0.	0.	0.	
BRIAN J. LIPKE DIRECTOR	1.50	X					0.	0.	0.	
BRUCE D. REINOSO DIRECTOR	1.50	X					0.	0.	0.	
CATHERINE B. FOLEY DIRECTOR	1.50	X					0.	0.	0.	
CATHERINE T. WETTLAUFER DIRECTOR	1.50	X					0.	0.	0.	
CHARLES W. BANTA DIRECTOR	1.50	X					0.	0.	0.	
CHRIS O'DONNELL DIRECTOR	1.50	X					0.	0.	0.	
DEBORAH RONNEN DIRECTOR	1.50	X					0.	0.	0.	
DONALD K. BOSWELL DIRECTOR	1.50	X					0.	0.	0.	
ELISABETH ROCHE WILMERS DIRECTOR	1.50	X					0.	0.	0.	
ELIZABETH BAUMAN DIRECTOR	1.50	X					0.	0.	0.	
FREDERICK G. PIERCE, II SECRETARY	1.50	X					0.	0.	0.	
HELEN CAPPUCCINO, M.D. DIRECTOR	1.50	X					0.	0.	0.	
JAMES W. DERRICK DIRECTOR	1.50	X					0.	0.	0.	
JOHN R SANDERSON TREASURER	1.50	X					0.	0.	0.	
JOHN R. YURTCHUK DIRECTOR	1.50	X					0.	0.	0.	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
JUDITH C. LIPSEY DIRECTOR	1.50	X						0.	0.	0.
L.N. HOPKINS, M.D. DIRECTOR	1.50	X						0.	0.	0.
LESLIE H. ZEMSKY PRESIDENT	1.50	X						0.	0.	0.
LOUIS P. CIMINELLI DIRECTOR	1.50	X						0.	0.	0.
MARK R. MENDELL DIRECTOR	1.50	X						0.	0.	0.
MICHAEL MCQUEENEY DIRECTOR	1.50	X						0.	0.	0.
NORTHRUP R. KNOX, JR. DIRECTOR	1.50	X						0.	0.	0.
PETER F. HUNT DIRECTOR	1.50	X						0.	0.	0.
ROBERT J. BOJDAK DIRECTOR	1.50	X						0.	0.	0.
1b Sub-total								0.	0.	0.
c Total from continuation sheets to Part VII, Section A								358,536.	0.	0.
d Total (add lines 1b and 1c)								358,536.	0.	0.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **2**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. **NONE**

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **0**

See Part VII, Section A Continuation sheets

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	784,488.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	2,550,603.			
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f		3,335,091.			
Program Service Revenue	2 a AUXILIARY ACTIVITIES	Business Code 713990	830,437.	830,437.		
	b EDUCATION	713990	664,288.	664,288.		
	c EXHIBITIONS	713990	6,897.	6,897.		
	d					
	e					
	f All other program service revenue	713990	469,965.	469,965.		
	g Total. Add lines 2a-2f		1,971,587.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		2,082,708.		2082708.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross Rents	(i) Real				
		(ii) Personal				
		b Less: rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities	90261793			
		(ii) Other				
		b Less: cost or other basis and sales expenses	84914299			
		c Gain or (loss)	5347494.			
	d Net gain or (loss)		5,347,494.		5347494.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
c Net income or (loss) from fundraising events						
9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses	b					
c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code				
11 a						
b						
c						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total revenue. See instructions.			12736880.	1,971,587.	0. 7430202.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
 All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	246,376.	172,463.	59,130.	14,783.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,651,650.	1,856,155.	636,396.	159,099.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	166,033.	116,223.	39,848.	9,962.
9 Other employee benefits	375,637.	262,946.	90,153.	22,538.
10 Payroll taxes	198,922.	139,246.	47,741.	11,935.
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	240,882.		240,882.	
g Other	570,513.	399,359.	136,923.	34,231.
12 Advertising and promotion	198,754.	139,128.	47,701.	11,925.
13 Office expenses	159,590.	111,713.	38,302.	9,575.
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	123,743.	86,620.	29,698.	7,425.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	113,947.	79,763.	27,347.	6,837.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	726,840.	508,788.	174,442.	43,610.
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a PURCHASE & CONSERVATION	4,513,893.	4,513,893.		
b UTILITIES	582,617.	407,832.	139,828.	34,957.
c REPAIRS AND MAINTENANCE	184,587.	129,211.	44,301.	11,075.
d HONORARIA	160,791.	112,554.	38,590.	9,647.
e COST OF GOODS SOLD	152,360.	106,652.	36,566.	9,142.
f All other expenses	893,289.	625,302.	214,390.	53,597.
25 Total functional expenses. Add lines 1 through 24f	12,260,424.	9,767,848.	2,042,238.	450,338.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing		1	
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net	1,567,115.	3	1,792,010.
	4	Accounts receivable, net	124,580.	4	101,566.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	300,000.	5	300,000.
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	208,627.	8	219,882.
	9	Prepaid expenses and deferred charges	95,556.	9	136,334.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 22,665,098.		
	b	Less: accumulated depreciation	10b 11,840,646.	10c	10,824,452.
	11	Investments - publicly traded securities	3,135,985.	11	
	12	Investments - other securities. See Part IV, line 11	103,710,606.	12	121,501,500.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	422,366.	15	513,348.
16	Total assets. Add lines 1 through 15 (must equal line 34)	120,847,418.	16	135,389,092.	
Liabilities	17	Accounts payable and accrued expenses	2,001,116.	17	3,117,641.
	18	Grants payable		18	
	19	Deferred revenue	44,529.	19	32,943.
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	1,644,578.	23	1,029,448.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities. Complete Part X of Schedule D	1,626,304.	25	1,572,099.
	26	Total liabilities. Add lines 17 through 25	5,316,527.	26	5,752,131.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	16,615,916.	27	15,811,660.
	28	Temporarily restricted net assets	83,675,791.	28	98,546,117.
	29	Permanently restricted net assets	15,239,184.	29	15,279,184.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	115,530,891.	33	129,636,961.	
34	Total liabilities and net assets/fund balances	120,847,418.	34	135,389,092.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	12,736,880.
2	Total expenses (must equal Part IX, column (A), line 25)	2	12,260,424.
3	Revenue less expenses. Subtract line 2 from line 1	3	476,456.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	115,530,891.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	13,629,614.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	129,636,961.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b	Were the organization's financial statements audited by an independent accountant?	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

Form 990 (2010)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	3552644.	3487154.	2836589.	3261024.	3335091.	16472502.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	3552644.	3487154.	2836589.	3261024.	3335091.	16472502.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						517,170.
6 Public support. Subtract line 5 from line 4.						15955332.

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4	3552644.	3487154.	2836589.	3261024.	3335091.	16472502.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	2698516.	6681682.	3046929.	2568177.	2082708.	17078012.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						33550514.
12 Gross receipts from related activities, etc. (see instructions)					12	9,324,350.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here	<input type="checkbox"/>					

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	47.56 %
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	48.69 %
16a 33 1/3% support test - 2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input checked="" type="checkbox"/>	
b 33 1/3% support test - 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10% -facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10% -facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

Schedule A (Form 990 or 990-EZ) 2010

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No. 1545-0047

2010

Name of the organization

BUFFALO FINE ARTS ACADEMY

Employer identification number

16-6001555

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

BUFFALO FINE ARTS ACADEMY

16-6001555

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	MRS. JOHN T ELFVIN 33 GATES CIRCLE, APT 4A BUFFALO, NY 14209	\$ 100,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	LESLIE AND HOWARD ZEMSKY 181 MORRIS AVE BUFFALO, NY 14214	\$ 92,632.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	M&T BANK ONE FOUNTAIN PLAZA, 12TH FLOOR BUFFALO, NY 14203	\$ 175,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	THE JOHN R. OISHEI FOUNDATION 1 HSBC CENTER, STE 3650 BUFFALO, NY 14203	\$ 150,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	THE SEYMOUR H. KNOX FOUNDATION, INC 1 HSBC CENTER, STE 3840 BUFFALO, NY 14203	\$ 142,950.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	BLUECROSS BLUESHIELD OF WESTERN NEW YORK 257 WEST GENESEE STREET, SUITE 100 BUFFALO, NY 14202	\$ 150,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

BUFFALO FINE ARTS ACADEMY

16-6001555

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	ESTATE OF DOROTHY F. GOLDMAN 12 FOUNTAIN PLAZA BUFFALO, NY 14202	\$ 70,248.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization BUFFALO FINE ARTS ACADEMY	Employer identification number 16-6001555
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Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

Name of organization

Employer identification number

BUFFALO FINE ARTS ACADEMY

16-6001555

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public
Inspection

Name of the organization **BUFFALO FINE ARTS ACADEMY** Employer identification number **16-6001555**

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space
- 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.
- | | Held at the End of the Tax Year |
|--|---------------------------------|
| a Total number of conservation easements | 2a |
| b Total acreage restricted by conservation easements | 2b |
| c Number of conservation easements on a certified historic structure included in (a) | 2c |
| d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d |
- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____
- 4 Number of states where property subject to conservation easement is located ▶ _____
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
- 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____
- 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?
- 9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1
- (ii) Assets included in Form 990, Part X
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1
- b Assets included in Form 990, Part X

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIV and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	107,146,591.	100,629,035.	123,944,299.		
b Contributions	150,000.	141,951.	16,000.		
c Net investment earnings, gains, and losses	20,806,934.	11,527,451.	-18,368,222.		
d Grants or scholarships					
e Other expenditures for facilities and programs	6,302,025.	5,151,846.	4,963,042.		
f Administrative expenses					
g End of year balance	121,801,500.	107,146,591.	100,629,035.		

- 2 Provide the estimated percentage of the year end balance held as:
- a Board designated or quasi-endowment ▶ _____%
 - b Permanent endowment ▶ _____%
 - c Term endowment ▶ _____%
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|-----|----|
| (i) unrelated organizations | | X |
| (ii) related organizations | | X |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? <input type="checkbox"/> | 3b | |
- 4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		18,052,821.	8,129,283.	9,923,538.
c Leasehold improvements				
d Equipment		4,561,669.	3,711,363.	850,306.
e Other		50,608.		50,608.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				10,824,452.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) MUTUAL FUNDS	58,369,609.	End-of-Year Market Value
(B) EQUITY SECURITIES	12,929,260.	End-of-Year Market Value
(C) ALTERNATIVE INVESTMENTS	50,202,631.	End-of-Year Market Value
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶	121,501,500.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) LINE OF CREDIT	1,541,272.
(3) BANK OVERDRAFT	30,827.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	1,572,099.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	12,736,880.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	12,260,424.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	476,456.
4	Net unrealized gains (losses) on investments	4	13,629,614.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	13,629,614.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	14,106,070.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	26,510,910.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	13,629,614.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	144,416.
e	Add lines 2a through 2d	2e	13,774,030.
3	Subtract line 2e from line 1	3	12,736,880.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	12,736,880.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	12,495,599.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	235,175.
e	Add lines 2a through 2d	2e	235,175.
3	Subtract line 2e from line 1	3	12,260,424.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	12,260,424.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part V, line 4: The Buffalo Fine Arts Academy intends to use the
endowment funds to promote, cultivate and generally foster art in all its
branches.

Part XII, Line 2d - Other Adjustments:

REVENUE OF ALBRIGHT KNOX RESTAURANT REPORTED ON SEPARATE

RETURN 144,416.

Part XIV Supplemental Information (continued)

Part XIII, Line 2d - Other Adjustments:

EXPENSES OF ALBRIGHT KNOX RESTAURANT REPORTED ON SEPARATE RETURN	196,843.
EXPENSES OF ALKASW, INC. REPORTED ON SEPARATE RETURN	38,332.
Total to Schedule D, Part XIII, Line 2d	235,175.

PART III LINE 4

THE ORGANIZATION'S COLLECTION INCLUDES WORKS OF MODERN AND CONTEMPORARY ART WHICH IT EXHIBITS TO FURTHER THE APPRECIATION OF MODERN AND CONTEMPORARY ART AS WELL AS EDUCATE THE GENERAL PUBLIC.

**SCHEDULE F
(Form 990)**

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public
Inspection

Name of the organization **BUFFALO FINE ARTS ACADEMY** Employer identification number **16-6001555**

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
FRANCE	0	0	PROGRAM SERVICES	ART PURCHASES	25,500.
CANADA	0	0	PROGRAM SERVICES	ART PURCHASES	130,497.
3 a Sub-total	0	0			155,997.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			155,997.

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No

- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* Yes No

- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see Instructions for Form 5471)* Yes No

- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* Yes No

- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see Instructions for Form 8865)* Yes No

- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713)* Yes No

Schedule F (Form 990) 2010

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public Inspection

Name of the organization

BUFFALO FINE ARTS ACADEMY

Employer identification number

16-6001555

Part I Questions Regarding Compensation

	Yes	No								
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)									
<p>b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</p>	1b									
<p>2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?</p>	2									
<p>3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input type="checkbox"/> Independent compensation consultant</td> <td><input type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee				
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract									
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study									
<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee									
<p>4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p>										
<p>a Receive a severance payment or change-of-control payment from the organization or a related organization?</p>	4a	X								
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	4b	X								
<p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>	4c	X								
<p>Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.</p>										
<p>5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p>										
<p>a The organization?</p>	5a	X								
<p>b Any related organization?</p> <p>If "Yes" to line 5a or 5b, describe in Part III.</p>	5b	X								
<p>6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p>										
<p>a The organization?</p>	6a	X								
<p>b Any related organization?</p> <p>If "Yes" to line 6a or 6b, describe in Part III.</p>	6b	X								
<p>7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</p>	7	X								
<p>8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>	8	X								
<p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9									

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2010

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.
 For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii).
 Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 LOUIS GRACHOS	(i) 246,375. (ii) 0.	0.	0.	0.	0.	246,375.	0.
2	(i) (ii)						
3	(i) (ii)						
4	(i) (ii)						
5	(i) (ii)						
6	(i) (ii)						
7	(i) (ii)						
8	(i) (ii)						
9	(i) (ii)						
10	(i) (ii)						
11	(i) (ii)						
12	(i) (ii)						
13	(i) (ii)						
14	(i) (ii)						
15	(i) (ii)						
16	(i) (ii)						

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

Name of the organization **BUFFALO FINE ARTS ACADEMY** Employer identification number **16-6001555**

Part I	Types of Property	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art - Works of art				
2	Art - Historical treasures				
3	Art - Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities - Publicly traded	X	11	64,043.	MARKET PRICE
10	Securities - Closely held stock				
11	Securities - Partnership, LLC, or trust interests				
12	Securities - Miscellaneous				
13	Qualified conservation contribution - Historic structures				
14	Qualified conservation contribution - Other				
15	Real estate - Residential				
16	Real estate - Commercial				
17	Real estate - Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		X
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2010

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

Name of the organization

BUFFALO FINE ARTS ACADEMY

Employer identification number

16-6001555

Form 990, Part I, Line 1, Description of Organization Mission:

art in all its branches. It is the parent organization of the
Albright-Knox Art Gallery, one of the Country's most prominent art
museums, as well as an important cultural and educational center for
Western New York. The Gallery is dedicated to serving both the local
community and a wider art audience through a recognized and active
program of collecting, educating, exhibiting and interpreting art
works, with particular emphasis on the creative accomplishments of the
20th and 21st centuries.

Form 990, Part III, Line 1, Description of Organization Mission:

and educational center for Western New York. The Gallery is dedicated
to serving both the local community and a wider art audience through a
recognized and active program of collecting, educating, exhibiting and
interpreting art works, with particular emphasis on the creative
accomplishments of the 20th and 21st centuries.

Form 990, Part III, Line 4d, Other Program Services:

EXHIBITIONS-EXHIBITIONS OF VARIOUS ARTISTS WORKS WHICH ARE NOT USUALLY
INCLUDED IN THE PERMANENT COLLECTION

Expenses \$ 1,051,385. including grants of \$ 0. Revenue \$ 6,897.

Form 990, Part V, Line 4b, List of Foreign Countries:

Ireland, Cayman Islands, British Virgin Is

Form 990, Part VI, Section A, line 6: THE ORGANIZATION HAS A BOARD OF

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2010)

032211
01-24-11

Name of the organization BUFFALO FINE ARTS ACADEMY	Employer identification number 16-6001555
---	--

DIRECTORS AS WELL AS A GENERAL MEMBERSHIP WHICH PATRONS OF THE ARTS MAY JOIN.

Form 990, Part VI, Section A, line 7b: AT THE ANNUAL MEETING OF THE ORGANIZATION'S MEMBERS, CERTAIN AGENDA TOPICS ARE VOTED ON TO APPROVE THE ACTIONS OF THE BOARD OF DIRECTORS.

Form 990, Part VI, Section B, line 11: EACH BOARD MEMBER HAS THE OPPORTUNITY TO REVIEW A DRAFT OF THE IRS FORM 990 PRIOR TO IT BEING FILED. ANY COMMENTS OR QUESTIONS REGARDING THE FORM ARE DIRECTED TO AND ANSWERED BY THE CONTROLLER. THEREAFTER, THE AUDIT COMMITTEE OF THE BOARD APPROVES THE 990, IT IS SIGNED BY THE CFO, AND FILED.

Form 990, Part VI, Section B, Line 12c: THE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS, ANNUALLY AT THE BEGINNING OF EACH PROGRAM YEAR IN OCTOBER, DISTRIBUTES A CONFLICT OF INTEREST POLICY AND A BOARD MEMBER COMMITMENT FORM. THE DEPUTY DIRECTOR'S OFFICE TRACKS THE DISTRIBUTION AND RETURN OF THESE DOCUMENTS, REVIEWS EACH FORM, NOTES ANY CONFLICT FOR THE GOVERNANCE COMMITTEE'S REVIEW, AND KEEPS THE ORIGINAL SIGNED COPIES IN A NOTEBOOK IN ITS OFFICE. THE GOVERNANCE COMMITTEE REVIEWS ALL CONFLICTS AND TAKES APPROPRIATE ACTION CONSISTENT WITH THE CONFLICTS OF INTEREST POLICY.

Form 990, Part VI, Section B, Line 15: THE PROCESS FOR DETERMINING COMPENSATION OF THE DIRECTOR AND ALL EMPLOYEES OF THE ALBRIGHT KNOX ART GALLERY (WHO ARE REQUIRED TO HAVE MUSEUM EXPERIENCE AND SKILLS) IS BASED ON PREVAILING COMPENSATION LEVELS IN THE FIELD AT THE NATIONAL LEVEL (BASED ON THE ASSOCIATION OF ART MUSEUM DIRECTORS ANNUAL SALARY SURVEY) AND REGIONAL/LOCAL LEVEL (BASED ON WESTERN NEW YORK SALARY SURVEYS). REVIEW AND

Name of the organization

BUFFALO FINE ARTS ACADEMY

Employer identification number

16-6001555

DETERMINATION OF SALARIES, BY THE PRESIDENT OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE FOR THE DIRECTOR'S COMPENSATION, AND BY THE HUMAN RESOURCES DEPARTMENT AND STRATEGIC LEADERSHIP GROUP (DIRECTOR, DEPUTY DIRECTOR, CHIEF CURATOR, CFO/COO, AND DIRECTOR OF ADVANCEMENT, FOR THEIR RESPECTIVE DEPARTMENTAL STAFF POSITIONS), IS BASED ON MID-ATLANTIC AND MIDWEST AAMD COMPENSATION TABLES.

Form 990, Part VI, Section C, Line 18: ACCORDING TO FORM 990 INSTRUCTIONS, APPLICATIONS FILED BEFORE JULY 15, 1987 NEED NOT BE MADE PUBLICLY AVAILABLE, UNLESS THE ORGANIZATION HAD A COPY ON JULY 15, 1987. THE BUFFALO FINE ARTS ACADEMY DID NOT HAVE A COPY ON JULY 15, 1987, AND HAD APPLIED FOR TAX EXEMPT STATUS IN 1940. CONSEQUENTLY, FORM 1023 IS NOT MADE PUBLICLY AVAILABLE. THE BUFFALO FINE ARTS ACADEMY WAS GRANTED 501(C)3 STATUS ON DECEMBER 19, 1940.

COPIES OF IRS FORM 990 ARE MAINTAINED IN THE DEPUTY DIRECTOR'S OFFICE AND ARE MADE AVAILBLE UPON REQUEST DURING REGULAR BUSINESS HOURS.

Form 990, Part VI, Section C, Line 19: THE BYLAWS, CONFLICT OF INTEREST POLICY, AND AUDITED FINANCIAL STATEMENTS ARE MAINTAINED IN THE DEPUTY DIRECTOR'S OFFICE AND ARE MADE AVAILABLE UPON REQUEST DURING REGULAR BUSINESS HOURS.

Form 990, Part XI, line 5, Changes in Net Assets:
Net unrealized gains on investments: 13,629,614.

FORM 990, PART XI, LINE 2C

THE PROCESS HAS NOT CHANGED SINCE THE PRIOR YEAR.

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts I, III, or IV of this schedule.

- 1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?
 - a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
 - b Gift, grant, or capital contribution to other organization(s)
 - c Gift, grant, or capital contribution from other organization(s)
 - d Loans or loan guarantees to or for other organization(s)
 - e Loans or loan guarantees by other organization(s)
 - f Sale of assets to other organization(s)
 - g Purchase of assets from other organization(s)
 - h Exchange of assets
 - i Lease of facilities, equipment, or other assets to other organization(s)
 - j Lease of facilities, equipment, or other assets from other organization(s)
 - k Performance of services or membership or fundraising solicitations for other organization(s)
 - l Performance of services or membership or fundraising solicitations by other organization(s)
 - m Sharing of facilities, equipment, mailing lists, or other assets
 - n Sharing of paid employees
 - o Reimbursement paid to other organization for expenses
 - p Reimbursement paid by other organization for expenses
 - q Other transfer of cash or property to other organization(s)
 - r Other transfer of cash or property from other organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved	Yes	No
(1) ALKASW, INC.	D	534,961	FAIR MARKET VALUE		X
(2) ALKASW, INC.	E	136,679	FAIR MARKET VALUE		X
(3) ALKASW, INC.	J	99,000	FAIR MARKET VALUE		X
(4) ALBRIGHT KNOX RESTAURANT, INC.	D	115,066	FAIR MARKET VALUE		X
(5)					X
(6)					X

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Lined area for supplemental information.

TAX RETURN FILING INSTRUCTIONS

NEW YORK FORM CHAR500, ANNUAL FILING REPORT

FOR THE YEAR ENDING

June 30, 2011

Prepared for	Buffalo Fine Arts Academy 1285 Elmwood Avenue Buffalo, NY 14222
Prepared by	Chiam pou Travis Besaw & Kershner LLP 45 Bryant Woods North Amherst, NY 14228
Mail tax return to	New York State Department of Law Charities Bureau - Registration Section 120 Broadway New York, NY 10271
Return must be mailed on or before	November 15, 2011
Special Instructions	<p>New York Form CHAR500 must be signed and dated by both of the authorized individuals. Also be sure that the attached copy of federal Form 990 has been properly signed and dated.</p> <p>Enclose a check for \$1,525 made payable to NYS Department of Law. Include the organization's state registration number(s) on the remittance.</p>

Form CHAR500	Annual Filing for Charitable Organizations New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 http://www.charitiesnys.com	2010
This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 006)		Open to Public Inspection

1. General Information			
a. For the fiscal year beginning (mm/dd/yyyy) 07/01/2010 and ending (mm/dd/yyyy) 06/30/2011			
b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization BUFFALO FINE ARTS ACADEMY	d. Fed. employer ID no. (EIN) 16-6001555	e. NY State registration no. 01-30-63
	Number and street (or P.O. box if mail not delivered to street address) Room/suite 1285 ELMWOOD AVENUE	f. Telephone number 716 882-8700	
	City or town, state or country and ZIP + 4 BUFFALO, NY 14222	g. Email	

2. Certification - Two Signatures Required			
We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.			
a. President or Authorized Officer	Signature	LOUIS GRACHOS Printed Name	DIRECTOR Title
			Date
b. Chief Financial Officer or Treas.	Signature	MELISSA BRAINARD Printed Name	CFO Title
			Date

3. Annual Report Exemption Information	
a. Article 7-A annual report exemption (Article 7-A registrants and dual registrants)	Check <input type="checkbox"/> if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.
	NOTE: An organization may claim this exemption if no PFR or FRC was used and either: 1) it received an allocation from a federated fund, United Way or incorporated community appeal and contributions from other sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from one government agency to which it submitted an annual report similar to that required by Article 7-A.
b. EPTL annual report exemption (EPTL registrants and dual registrants)	Check <input type="checkbox"/> if gross receipts did not exceed \$25,000 and assets (market value) did not exceed \$25,000 at any time during this fiscal year.
For EPTL or Article 7-A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above. Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.	

4. Article 7-A Schedules	
If you did not check the Article 7-A annual report exemption above, complete the following for this fiscal year:	
a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? ...	<input type="checkbox"/> Yes* <input checked="" type="checkbox"/> No
* If "Yes", complete Schedule 4a.	
b. Did the organization receive government contributions (grants)?	<input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No
* If "Yes", complete Schedule 4b.	

5. Fee Submitted: See last page for summary of fee requirements.	
Indicate the filing fee(s) you are submitting along with this form:	
a. Article 7-A filing fee	\$ <u>25.</u>
b. EPTL filing fee	\$ <u>1,500.</u>
c. Total fee	\$ <u>1,525.</u>
Submit only one check or money order for the total fee, payable to "NYS Department of Law"	

6. Attachments - For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments ▶▶▶

**THE BUFFALO FINE ARTS
ACADEMY AND AFFILIATES**

Consolidated Financial Statements
For the Years Ended
June 30, 2011 and 2010 with
Independent Auditors' Report

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Buffalo Fine Arts Academy and Affiliates
Buffalo, New York

We have audited the accompanying consolidated statements of financial position of The Buffalo Fine Arts Academy (a nonprofit organization) and Affiliates ("the Academy") as of June 30, 2011 and 2010, and the related consolidated statements of activities and changes in net assets and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these consolidated 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 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 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 Academy as of June 30, 2011 and 2010, 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.

Champion Travis Besaw & Kershner LLP

September 15, 2011

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	2011	2010
ASSETS		
Receivables:		
Beneficial interest in Trust	\$ 412,808	\$ 288,888
Grants	1,333,861	1,199,220
Contributions receivable, net	45,341	79,007
Accounts, net	105,014	124,580
Total receivables	<u>1,897,024</u>	<u>1,691,695</u>
Prepayments	136,740	97,579
Merchandise inventories	219,882	208,627
Investments	121,801,500	107,146,591
Property and equipment, net	12,007,781	12,485,648
Collection of works of art (Note 1)	-	-
TOTAL ASSETS	<u><u>\$ 136,062,927</u></u>	<u><u>\$ 121,630,140</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Bank overdraft	\$ 27,388	\$ 50,969
Accounts payable and accrued expenses	3,130,541	2,014,459
Lines of credit	1,541,272	1,568,000
Mortgage and notes payable	2,033,161	2,669,872
Deferred revenue	32,943	44,529
Total liabilities	<u>6,765,305</u>	<u>6,347,829</u>
NET ASSETS:		
Unrestricted	15,472,321	16,367,336
Temporarily restricted	98,546,117	83,675,791
Permanently restricted	15,279,184	15,239,184
Total net assets	<u>129,297,622</u>	<u>115,282,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 136,062,927</u></u>	<u><u>\$ 121,630,140</u></u>

See notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
Gifts and grants:				
Government grants	\$ -	\$ 784,488	\$ -	\$ 784,488
Corporate and foundation support	152,036	1,195,116	-	1,347,152
Annual giving	708,787	-	-	708,787
All other gifts and grants	320,723	-	-	320,723
Total gifts and grants	<u>1,181,546</u>	<u>1,979,604</u>	<u>-</u>	<u>3,161,150</u>
Exhibitions	6,897	-	-	6,897
Memberships	469,965	-	-	469,965
Investment income in accordance with spending policy	1,477,260	-	-	1,477,260
Additional investment income and gains allocated to general operations	400,000	-	-	400,000
Education and other related programs	664,288	-	-	664,288
Revenue from auxiliary activities	849,441	-	-	849,441
Net assets released from restrictions	<u>1,958,645</u>	<u>(1,958,645)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>7,008,042</u>	<u>20,959</u>	<u>-</u>	<u>7,029,001</u>
EXPENSES:				
Program services	2,183,346	-	-	2,183,346
Supporting services	4,005,698	-	-	4,005,698
Auxiliary services	480,675	-	-	480,675
Depreciation	765,380	-	-	765,380
Interest expense	84,203	-	-	84,203
TOTAL EXPENSES	<u>7,519,302</u>	<u>-</u>	<u>-</u>	<u>7,519,302</u>
NON-OPERATING ACTIVITIES:				
Investment income - net	181,947	1,888,761	-	2,070,708
Interest and other income - net	12,000	-	-	12,000
Restricted contributions	-	259,353	40,000	299,353
Net realized and unrealized investment gains	1,667,468	17,309,640	-	18,977,108
Investment income and gains allocated under spending policy to general operations	(1,477,260)	-	-	(1,477,260)
Additional investment income and gains allocated to general operations	(400,000)	-	-	(400,000)
Acquisition, preservation and conservation of works of art	(4,712,510)	-	-	(4,712,510)
Net change in obligations under trust agreements	(22,905)	-	-	(22,905)
Investment expenses	(21,166)	(219,716)	-	(240,882)
Net assets released from restrictions	<u>4,388,671</u>	<u>(4,388,671)</u>	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING ACTIVITIES	<u>(383,755)</u>	<u>14,849,367</u>	<u>40,000</u>	<u>14,505,612</u>
CHANGES IN NET ASSETS	(895,015)	14,870,326	40,000	14,015,311
NET ASSETS, beginning of year	<u>16,367,336</u>	<u>83,675,791</u>	<u>15,239,184</u>	<u>115,282,311</u>
NET ASSETS, end of year	<u>\$ 15,472,321</u>	<u>\$ 98,546,117</u>	<u>\$ 15,279,184</u>	<u>\$ 129,297,622</u>

See notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:				
Gifts and grants:				
Government grants	\$ -	\$ 791,800	\$ -	\$ 791,800
Corporate and foundation support	101,317	993,289	-	1,094,606
Annual giving	728,612	-	-	728,612
All other gifts and grants	236,208	-	-	236,208
Total gifts and grants	<u>1,066,137</u>	<u>1,785,089</u>	<u>-</u>	<u>2,851,226</u>
Exhibitions	162,704	-	-	162,704
Memberships	472,839	-	-	472,839
Investment income in accordance with spending policy	1,521,922	-	-	1,521,922
Additional investment income and gains allocated to general operations	1,200,000	-	-	1,200,000
Education and other related programs	392,956	-	-	392,956
Revenue from auxiliary activities	616,037	-	-	616,037
Net assets released from restrictions	<u>1,987,255</u>	<u>(1,987,255)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>7,419,850</u>	<u>(202,166)</u>	<u>-</u>	<u>7,217,684</u>
EXPENSES:				
Program services	2,091,362	-	-	2,091,362
Supporting services	4,310,318	-	-	4,310,318
Auxiliary services	404,624	-	-	404,624
Depreciation	711,537	-	-	711,537
Interest expense	<u>159,542</u>	<u>-</u>	<u>-</u>	<u>159,542</u>
TOTAL EXPENSES	<u>7,677,383</u>	<u>-</u>	<u>-</u>	<u>7,677,383</u>
NON-OPERATING ACTIVITIES:				
Investment income, net	249,238	2,307,049	-	2,556,287
Interest and other income, net	11,890	-	-	11,890
Restricted contributions	-	399,103	31,736	430,839
Net realized and unrealized investment gains	898,907	8,320,641	-	9,219,548
Investment income and gains allocated under spending policy to general operations	(1,521,922)	-	-	(1,521,922)
Additional investment income and gains allocated to general operations	(1,200,000)	-	-	(1,200,000)
Acquisition, preservation and conservation of works of art	(2,040,250)	-	-	(2,040,250)
Net change in obligations under trust agreements	(23,334)	-	-	(23,334)
Investment expenses	(24,217)	(224,167)	-	(248,384)
Net assets released from restrictions	<u>3,729,327</u>	<u>(3,729,327)</u>	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING ACTIVITIES	<u>79,639</u>	<u>7,073,299</u>	<u>31,736</u>	<u>7,184,674</u>
CHANGES IN NET ASSETS	<u>(177,894)</u>	<u>6,871,133</u>	<u>31,736</u>	<u>6,724,975</u>
NET ASSETS, beginning of year	<u>16,545,230</u>	<u>76,804,658</u>	<u>15,207,448</u>	<u>108,557,336</u>
NET ASSETS, end of year	<u>\$ 16,367,336</u>	<u>\$ 83,675,791</u>	<u>\$ 15,239,184</u>	<u>\$ 115,282,311</u>

See notes to consolidated financial statements.

THE BUFFALO FINE ARTS ACADEMY AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 14,015,311	\$ 6,724,975
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	765,380	711,537
Beneficial interest in Trust	(123,920)	(288,888)
Endowment fund gifts	(150,000)	(141,951)
Investment income, net	(2,070,708)	(2,556,287)
Net gains on investments	(18,977,108)	(9,219,548)
Investment management fees	240,882	248,384
Changes in operating assets and liabilities:		
Grants receivable	(134,641)	(126,569)
Accounts receivable, net	19,566	(102,527)
Prepayments	(39,161)	133,778
Merchandise inventories	(11,255)	(11,893)
Accounts payable and accrued expenses	1,116,082	(987,961)
Deferred revenue	(11,586)	6,224
Total adjustments	<u>(19,376,469)</u>	<u>(12,335,701)</u>
Net cash used in operating activities	<u>(5,361,158)</u>	<u>(5,610,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(287,513)	(187,474)
Investment income, net	2,070,708	2,556,287
Investment management fees	(240,882)	(248,384)
Purchases of investments	(85,939,594)	(91,173,654)
Proceeds from sale of investments	<u>90,261,793</u>	<u>93,875,646</u>
Net cash provided by investing activities	<u>5,864,512</u>	<u>4,822,421</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank overdraft	(23,581)	50,969
Endowment fund gifts	150,000	141,951
Repayments of lines of credit	(6,985,000)	(4,296,000)
Draws on lines of credit	6,958,272	5,186,000
Proceeds from notes payable	-	145,000
Repayments of notes payable	(636,711)	(464,392)
Change in contributions receivable, net	<u>33,666</u>	<u>(588)</u>
Net cash (used in) provided by financing activities	<u>(503,354)</u>	<u>762,940</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS:	-	(25,365)
CASH AND CASH EQUIVALENTS, beginning of year	-	25,365
CASH AND CASH EQUIVALENTS, end of year	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash used for the purchase of works of art	<u>\$ 3,199,348</u>	<u>\$ 2,778,808</u>
Cash used for interest expense	<u>\$ 191,406</u>	<u>\$ 207,248</u>

See notes to consolidated financial statements.

BUFFALO FINE ARTS ACADEMY AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Buffalo Fine Arts Academy (the “Academy”) was incorporated in 1862 to promote, cultivate and generally foster the arts. The Academy is the oversight organization of the Albright-Knox Art Gallery (the “Gallery”), one of the country’s most prominent modern and contemporary art museums, as well as an important cultural and educational center for Western New York. The Gallery is dedicated to serving both the local community and a wider art audience through a recognized and active program of collecting, educating, exhibiting and interpreting modern and contemporary art works, and aspiring to be one of the world’s best and most dynamic modern and contemporary art institutions.

Financial Statement Presentation – Generally accepted accounting principles require that resources be classified for reporting purposes into three categories based upon donor restrictions – unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets represent resources available for the general support of the Academy’s activities and may be designated by the Academy’s Board of Directors for specific purposes. Temporarily restricted net assets are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Academy. As restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. It is the policy of the Academy to recognize as unrestricted those temporarily restricted revenues that are received and spent within the same fiscal year. Permanently restricted net assets are those whose use has been limited by donor stipulations that neither expire by passage of time nor can be fulfilled by actions of the Academy.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The consolidated financial statements include the accounts of the Academy and its wholly-owned subsidiary, Albright Knox Restaurant, Inc. The consolidated financial statements also include the accounts of ALKASW, Inc., as the Academy has both an economic interest in ALKASW, Inc. and control of ALKASW, Inc. through a common Board of Directors. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents – Cash and cash equivalents consist of demand deposits and highly liquid investments with maturities of 90 days or less. The amount of cash equivalents on the consolidated statements of financial position and consolidated statements of cash flows excludes money market funds held in the investment portfolio. The Academy maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Academy has not experienced any losses in such accounts. The Academy believes it is not exposed to any significant credit risk with regards to cash.

Receivables – The carrying amounts reported in the consolidated statements of financial position for grants, contributions, and other receivables approximate their fair value. Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the obligations to be met. It is the Academy’s policy to write off uncollectible accounts receivable when management determines the receivable will not be collected. The Academy recorded an allowance for doubtful accounts receivable of \$9,000 as of June 30, 2011 and 2010.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Merchandise Inventories – Merchandise inventories consist of merchandise for resale, and are stated at the lower of cost or market, with cost determined using the first-in, first-out method.

Investments – Generally accepted accounting principles establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identifies three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded, on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available.

The Academy has established a policy under which investments may be pooled and invested according to certain guidelines. Under New York State law, the Academy is permitted to use the income and gains derived from the investment of permanently restricted net assets, subject to a standard of prudence, and absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity. Accordingly, all income and realized and unrealized gains and losses are reported as temporarily restricted or unrestricted, based on the presence or absence of donor stipulations as to their use.

The Academy's "spending policy" stipulates that a percentage of its investments, averaged over a thirty-six month period, may be used to support its activities on an annual basis. The amounts drawn annually may deviate from this policy upon approval of the Academy's Board of Directors. The Academy's Board of Directors approved an additional allocation of \$400,000 and \$1,200,000 during the years ended June 30, 2011 and 2010, respectively.

Property and Equipment – Property and equipment acquisitions over \$2,500 are recorded at cost if purchased, or at fair value at the date of the gift if donated. Depreciation is recorded on the straight-line method over the estimated useful lives of 50 years for buildings, 10 to 30 years for building improvements and 5 to 10 years for equipment.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long such assets must be maintained, the Academy reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net Asset Classifications – Generally accepted accounting principles provide guidance on the net asset classification of donor-restricted endowment funds that are subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and include required disclosures for all endowment funds, both donor-restricted and board-restricted, whether or not they are subject to NYPMIFA. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Academy's contributions are subject to the terms of the Academy's governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Academy.

Under the terms of the governing documents, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for consolidated financial statement purposes. See Note 8 for the enhanced endowment fund disclosures.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily restricted net assets consist of irrevocable charitable trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are classified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Collection of Works of Art – It is the Academy’s policy to purchase works of art with Board designated and temporarily restricted funds, including contributions received for such purpose, and proceeds from the deaccessioning of other works of art. It is the Academy’s policy not to capitalize its collection of works of art. Therefore, the value of art objects is not included on the consolidated statements of financial position and no determination has been made of the aggregate value of such assets. Contributions of works of art are treated in the same manner as purchases of works of art in that they are not capitalized. Proceeds from deaccessions are reflected on the consolidated statements of activities as temporarily restricted assets, based on the absence or existence of donor-imposed restrictions.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues at their fair market value in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Cost-reimbursement grants are considered conditional obligations and are included in revenue as the related expenditures are incurred. Pledges for contributions are recorded as they are received and allowances are provided for amounts estimated to be uncollectible. All pledge receivables are due within the next fiscal year. Management closely monitors outstanding balances and has determined that an allowance for uncollectible pledges of \$29,600 at June 30, 2011 and 2010 is necessary.

Non-operating Activities – The Academy considers gifts and other revenues restricted for long-term purposes, purchases of works of art, dividend income, interest income, realized and unrealized gains and losses on investments and investment management fees as non-operating activities.

Donated Services – A number of unpaid volunteers have made contributions of their time to develop and participate in the Academy’s programs. No accounting recognition is made for the fair market value of services provided by volunteer personnel, as no objective basis is available to measure the value of such services.

Deferred Revenues – Revenues related to exchange transactions are deferred and recognized as unrestricted revenues at the time the related goods are delivered or services are provided.

Subsequent Events – Management of the Academy has evaluated the effects of all subsequent events through September 15, 2011, the date which the consolidated financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the consolidated financial statements.

Use of Estimates – The preparation of consolidated 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.

2. BENEFICIAL INTEREST IN TRUST

During the year ended June 30, 2010, a beneficial interest in a Charitable Lead Unitrust was recorded. The Unitrust agreement states that the Trustee shall maintain control over the assets and distribute quarterly payments to the Academy. The Unitrust agreement calls for payments to the Academy through the year ended June 30, 2029. The beneficial interest in the Trust has been reflected at the present value of the estimated future cash flows using a discount rate equal to the June 30, 2011 rate of inflation as published by the Bureau of Labor Statistics (3.6%), and is included in temporarily restricted contributions in the accompanying consolidated statements of activities and changes in net assets for the years ended June 30, 2011 and 2010. The value of the beneficial interest in Trust was approximately \$413,000 and \$289,000 as of June 30, 2011 and 2010, respectively.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, representing unconditional promises to give, consisted of the following at June 30:

	2011	2010
Unconditional promises to give	\$ 74,941	\$ 108,607
Allowance for uncollectible pledges	<u>(29,600)</u>	<u>(29,600)</u>
	<u>\$ 45,341</u>	<u>\$ 79,007</u>

No present value discount has been recorded against contributions receivable as it is considered immaterial to the accompanying consolidated financial statements.

4. INVESTMENTS

The fair value of the Academy's investments was determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1), similar market transactions (Level 2) and also by significant unobservable inputs (Level 3). Investment gains, losses and income are reported in the consolidated statements of activities.

Investments consisted of the following at June 30, 2011:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 12,401,939	\$ -	\$ -	\$ 12,401,939
Foreign equity securities	-	527,321	-	527,321
Mutual funds	1,306,539	57,063,070	-	58,369,609
Other investments	<u>-</u>	<u>-</u>	<u>50,502,631</u>	<u>50,502,631</u>
Total investments at fair value	<u>\$ 13,708,478</u>	<u>\$ 57,590,391</u>	<u>\$ 50,502,631</u>	<u>\$ 121,801,500</u>

4. **INVESTMENTS (continued)**

Investments consisted of the following at June 30, 2010:

	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 3,135,985	\$ -	\$ -	\$ 3,135,985
Equity securities	11,230,445	-	-	11,230,445
Foreign equity securities	701,045	12,090,508	-	12,791,553
Mutual funds	32,749,050	-	-	32,749,050
Other investments	<u>-</u>	<u>-</u>	<u>47,239,558</u>	<u>47,239,558</u>
Total investments at fair value	<u>\$ 47,816,525</u>	<u>\$ 12,090,508</u>	<u>\$ 47,239,558</u>	<u>\$ 107,146,591</u>

The following sets forth a summary of changes in the fair value of the Academy's Level 3 assets for the year ended June 30, 2011:

	Other Investments
Balance, beginning of year	\$ 47,239,558
Investment income	913,627
Unrealized gains	3,457,934
Realized losses	(1,127,000)
Purchases	15,843,377
Sales	<u>(15,824,865)</u>
Balance, end of year	<u>\$ 50,502,631</u>

The other investments include investments in limited partnership funds of hedge funds and multi-sector global asset managers. These funds of hedge funds and certain of the multi-sector global asset managers in turn invest in several different types of hedge funds or other investment strategies.

The following summarizes the current year relationship between the cost and fair value of investments as of and for the year ended June 30, 2011:

	Cost	Fair Value	Net Appreciation/ (Depreciation)
End of year	\$ 112,514,370	\$ 121,801,500	\$ 9,287,130
Beginning of year	111,489,075	107,146,591	<u>(4,342,484)</u>
Net change in unrealized appreciation			13,629,614
Realized gains - net			<u>5,347,494</u>
Net gains on investments			<u>\$ 18,977,108</u>

Investment expense, which includes advisor fees, management fees, and custodial fees, was \$240,882 and \$248,384 for the years ended June 30, 2011 and 2010, respectively.

4. **INVESTMENTS (continued)**

Generally accepted accounting principles require that impaired investments, that is, investments for which the fair value is less than its cost, be evaluated as to whether such impairment is other than temporary. Since the Academy has the ability and the intent to hold the securities until a recovery in value occurs (or until maturity if necessary), no investments have been deemed impaired as of June 30, 2011.

5. **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	2011	2010
Land	\$ 85,707	\$ 85,707
Buildings and building improvements	19,182,646	19,048,278
Equipment	4,711,852	4,610,315
Construction in progress	<u>51,608</u>	<u>-</u>
	24,031,813	23,744,300
Less accumulated depreciation	<u>12,024,032</u>	<u>11,258,652</u>
	<u>\$ 12,007,781</u>	<u>\$ 12,485,648</u>

During the year ended June 30, 2011, the Academy began renovations on the marble staircase located on the Delaware Avenue side of the art gallery. Because the project was not yet completed as of June 30, 2011, the costs associated with the renovation are classified as construction in progress at June 30, 2011.

6. **LINES OF CREDIT**

The Academy has a \$2,000,000 unsecured line of credit arrangement with a bank that is used to meet general operating needs. The line bears interest at a rate equal to LIBOR plus 3.0% (3.1875% at June 30, 2011). The outstanding balance on the line of credit at June 30, 2011 and 2010 was \$1,499,000 and \$1,568,000, respectively.

During the year ended June 30, 2011, the Academy obtained a \$1,000,000 unsecured line of credit arrangement with a bank. This line of credit is being used for the construction project in progress at June 30, 2011. The line bears interest at a rate equal to LIBOR plus 3.0% (3.1875% at June 30, 2011). The outstanding balance on this line of credit at June 30, 2011 was \$42,272.

7. **NOTES PAYABLE**

Notes payable consisted of the following at June 30:

	2011	2010
Mortgage payable to a bank in monthly installments of \$8,172 including interest at 7.45%, through March 2016, with a final payment equal to the unpaid principal balance due April 2016, secured by a building and equipment.	\$ 1,003,713	\$ 1,025,294

7. **NOTES PAYABLE (continued)**

Note payable to a bank in monthly installments of \$41,667 plus interest at the bank's prime rate (3.25% at June 30, 2011), through September 2013, secured by the deposits of the Academy.	625,000	1,125,000
Note payable to a bank, in monthly installments of \$11,189 including interest at 6.0%, through December 2014, secured by the related equipment	<u>404,448</u>	<u>519,578</u>
Total mortgage and notes payable	<u>\$ 2,033,161</u>	<u>\$ 2,669,872</u>

Future maturities of long-term debt subsequent to June 30, 2011 are as follows: 2012 - \$635,533; 2013 - \$269,247; 2014 - \$153,527; 2015 - \$74,512; 2016 - \$31,008; and thereafter \$869,334.

The Academy is subject to financial covenants under their banking agreements. For the years ended June 30, 2011 and 2010, the Academy has complied with all financial covenants.

8. **ENDOWMENT NET ASSETS**

The changes in the endowment net assets for the year ended June 30, 2011, are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,414,686	\$ 82,492,721	\$ 15,239,184	\$ 107,146,591
Interest and dividends, net of expense	160,781	1,669,045	-	1,829,826
Net appreciation	1,667,468	17,309,640	-	18,977,108
Contributions	-	110,000	40,000	150,000
Amounts appropriated for expenditure	<u>(2,236,609)</u>	<u>(4,065,416)</u>	<u>-</u>	<u>(6,302,025)</u>
Change in endowment net assets	<u>(408,360)</u>	<u>15,023,269</u>	<u>40,000</u>	<u>14,654,909</u>
Endowment net assets, end of year	<u>\$ 9,006,326</u>	<u>\$ 97,515,990</u>	<u>\$ 15,279,184</u>	<u>\$ 121,801,500</u>

8. ENDOWMENT NET ASSETS (continued)

The changes in the endowment net assets for the year ended June 30, 2010, are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>
Endowment net assets, beginning of year	\$ 9,812,680	\$ 75,608,907	\$ 15,207,448	\$100,629,035
Interest and dividends, net of expense	225,021	2,082,882	-	2,307,903
Net appreciation	898,907	8,320,641	-	9,219,548
Contributions	-	110,215	31,736	141,951
Amounts appropriated for expenditure	<u>(1,521,922)</u>	<u>(3,629,924)</u>	<u>-</u>	<u>(5,151,846)</u>
Change in endowment net assets	<u>(397,994)</u>	<u>6,883,814</u>	<u>31,736</u>	<u>6,517,556</u>
Endowment net assets, end of year	<u>\$ 9,414,686</u>	<u>\$ 82,492,721</u>	<u>\$ 15,239,184</u>	<u>\$107,146,591</u>

The endowment net assets represent the endowment fund balances within each respective category of net assets in accordance with generally accepted accounting principles.

9. GIFTS AND GRANTS REVENUE

Operating gifts and grants revenue for the years ended June 30 are summarized as follows:

	2011	2010
County of Erie	\$ 535,000	\$ 535,000
Institute of Museum and Library Services	149,988	-
N.Y.S. Council on the Arts	99,500	106,800
Private	<u>2,376,662</u>	<u>2,209,426</u>
	<u>\$ 3,161,150</u>	<u>\$ 2,851,226</u>

10. RETIREMENT PLANS

The Academy provides retirement benefits for eligible employees whose employment began before April 1, 2002 through contributions to the New York State and Local Employees' Retirement System (the "System"). This is a cost-sharing multiple-employer retirement system. As a participant in the System, the relative position of the Academy with respect to vested and nonvested benefits and net assets available for benefits is not determinable. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). The Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244. The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund. The Academy is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were \$71,178, \$52,411, and \$55,253, respectively. The Academy's contributions made to the System were equal to 100 percent of the contributions required for each year.

Additionally, the Academy provides retirement benefits for eligible employees whose employment began on or after April 1, 2002 through a defined contribution plan under IRC Section 403(b), through the Teachers Insurance and Annuity Association and College Retirement Equities Fund. The costs to the Academy for the years ended June 30, 2011 and 2010 were approximately \$88,000 and \$103,000, respectively.

11. FEDERAL INCOME TAX STATUS

The Academy has been informed by the Internal Revenue Service that it is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management does not believe that circumstances have occurred that have altered the tax-exempt status of the Academy. The Academy has also received a determination letter that they are not a private foundation within the meaning of Section 509(a)(3) of the Internal Revenue Code. The Academy's wholly-owned subsidiary, Albright-Knox Restaurant, Inc., is a taxable corporation. ALKASW, Inc., is also exempt under the provisions of Section 501(c)(2) of the Internal Revenue Code.

12. FUNCTIONAL EXPENSES

As required by generally accepted accounting principles, operating and non-operating expenses for the years ended June 30, 2011 and 2010 to be allocated by functional classification are summarized below:

	2011	2010
Operating and non-operating expenses:		
Operating expenses	\$ 7,519,302	\$ 7,677,383
Detailed non-operating activities:		
Acquisition, preservation and conservation of works of art	4,712,510	2,040,250
Net change in obligations under trust agreements	22,905	23,334
Investment expenses	<u>240,882</u>	<u>248,384</u>
Total expenses	<u>\$ 12,495,599</u>	<u>\$ 9,989,351</u>
Combined operating and non-operating programs:		
Gallery operations	\$ 5,454,536	\$ 4,142,294
Exhibitions	3,539,528	2,012,661
Education	523,618	502,361
Development and fund raising	305,146	603,709
Cost of sales and expenses of auxiliary activities	698,582	687,307
Management and general:		
Investment expenses	240,882	248,384
Other	<u>1,733,307</u>	<u>1,792,635</u>
Total expenses	<u>\$ 12,495,599</u>	<u>\$ 9,989,351</u>

13. COMMITMENTS

As of June 30, 2011, the Academy has decided to purchase works of art totaling approximately \$457,000. The purchases are expected to take place during the year ended June 30, 2012. These amounts have not been recorded as of June 30, 2011, as the Academy has neither possession nor title to these works of art.

The Academy has received an additional funding commitment from the Empire State Development Corporation. Because this commitment of \$400,000 is conditional upon the completion of a capital improvement project, it has not been recognized in the consolidated statements of activities and changes in net assets for the year ended June 30, 2011.

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