

FRIENDS OF FONDATION DE FRANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009



LUTZ AND CARR
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of Fondation De France, Inc.

We have audited the accompanying statements of financial position of Friends of Fondation De France, Inc. (a not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Fondation De France, Inc. as December 31, 2010 and 2009, 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.

Lutz + Carr, LLP

New York, New York
June 13, 2011

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash (Note 4)	\$ 56,492	\$ 48,874
Unconditional promises to give (Notes 1c and 3)	3,885,458	-
Website, at cost, net of accumulated amortization of \$4,093 (2010) and \$2,456 (2009) (Note 1d)	<u>818</u>	<u>2,455</u>
Total Assets	<u><u>\$3,942,768</u></u>	<u><u>\$ 51,329</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 7,000</u>	<u>\$ 21,948</u>
Net Assets		
Unrestricted	33,922	29,381
Temporarily restricted (Note 2)	<u>3,901,846</u>	<u>-</u>
Total Net Assets	<u><u>3,935,768</u></u>	<u><u>29,381</u></u>
Total Liabilities and Net Assets	<u><u>\$3,942,768</u></u>	<u><u>\$ 51,329</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Contributions (Note 1a)	\$ 61,720	\$ 67,982
Dividend income	8,580	-
Realized gain on sale of securities	79	-
Net assets released from restrictions		
Satisfaction of program restrictions	<u>2,475,207</u>	<u>2,519,369</u>
Total Revenue and Other Support	<u>2,545,586</u>	<u>2,587,351</u>
Expenses		
Program Services	2,483,437	2,520,162
Supporting Services		
Management and general	<u>57,608</u>	<u>43,585</u>
Total Expenses	<u>2,541,045</u>	<u>2,563,747</u>
Increase in Unrestricted Net Assets	<u>4,541</u>	<u>23,604</u>
Changes in Temporarily Restricted Net Assets		
Contributions	6,294,082	2,391,118
Foreign currency exchange gain	82,971	-
Net assets released from restrictions	<u>(2,475,207)</u>	<u>(2,519,369)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>3,901,846</u>	<u>(128,251)</u>
Increase (decrease) in net assets	3,906,387	(104,647)
Net assets, beginning of year	<u>29,381</u>	<u>134,028</u>
Net Assets, End of Year	<u><u>\$3,935,768</u></u>	<u><u>\$ 29,381</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$3,906,387	\$ (104,647)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Amortization	1,637	1,637
Donated securities	(1,371,775)	(977)
Realized gain on sale of securities	(79)	-
(Increase) decrease in:		
Unconditional promises to give	(3,885,458)	101,450
Account receivable	-	2,393
Increase (decrease) in accounts payable and accrued expenses	<u>(14,948)</u>	<u>9,718</u>
Net Cash Provided (Used) By Operating Activities	<u>(1,364,236)</u>	<u>9,574</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	<u>1,371,854</u>	<u>977</u>
Net increase in cash	7,618	10,551
Cash, beginning of year	<u>48,874</u>	<u>38,323</u>
Cash, End of Year	<u><u>\$ 56,492</u></u>	<u><u>\$ 48,874</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Friends of Fondation De France, Inc. is a not-for-profit organization, classified as a public charity that was incorporated under the laws of the State of New York. The Organization was organized to provide charitable and educational activities within the meaning of Section 501 (c) (3) of the Internal Revenue Code of 1986. This shall include conducting activities that: (1) Support or benefit Fondation de France, a foreign organization that meets the requirements of Code Section 501 (c) (3) and is not a private foundation. In performing these functions, the Organization will conduct any activities that may be necessary, useful or desirable for furtherance or accomplishment of the foregoing purposes, including but not limited to the support of education, arts, culture, the environment and relief of the poor and needy, (2) Cooperating with other charitable organizations for any of the foregoing purposes, and (3) Conducting any other activities that may be necessary, useful, and desirable for the furtherance or accomplishment of the foregoing purposes.

The Organization received approximately 92% of its contribution revenue from two contributors during the year ended December 31, 2010 and 73% of its contribution revenue from four contributors during the year ended December 31, 2009. The total number of contributors to the Organization increased to 82 in 2010 from 42 in 2009.

Fundraising activities are conducted by the Board of Directors and other volunteers.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Generally, it is the Organization's policy to withhold 5% for each contribution (up to \$15,000 per payment), which is used towards management and general expenses.

d - Website

The website is recorded at cost and is amortized on a straight line basis over three years.

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

f - Estimates

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

g - Tax Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity described in Section 590(a)(1) which is not a supporting organization and which is not a private foundation. Management evaluated all income tax positions, including the position that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income, and concluded that no disclosures relating to uncertain tax positions were required in the financial statements.

h - Subsequent Events

The Organization has evaluated subsequent events through June 13, 2011, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for pending grants.

Note 3 - Unconditional Promises to Give

At December 31, 2010, unconditional promises to give are restricted for future periods and programs and are due as follows:

Due in less than one year	\$1,999,445
Due in one to five years	<u>1,987,950</u>
	3,987,395
Less: Discount to present value	<u>(101,937)</u>
	<u>\$3,885,458</u>

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010 AND 2009****Note 3 - Unconditional Promises to Give (continued)**

Uncollectible promises are expected to be insignificant. Unconditional promises to give due after one year are discounted to present value using a discount rate of 3%.

Note 4 - Concentration of Credit Risk

The Organization maintains a cash account in one financial institution in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation. From time to time, the Organization maintains cash balances in excess of this limit.

Note 5 - Related Party

Two directors of the Organization also serve on the board of Fondation de France.

Note 6 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.