

FRIENDS OF FONDATION DE FRANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
September 1, 2009

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash (Note 3)	\$ 38,323	\$ 79,563
Unconditional promises to give	101,450	5,000
Account receivable	2,393	-
Website, at cost, net of accumulated amortization of \$819 (Note 1d)	<u>4,092</u>	<u>-</u>
Total Assets	<u><u>\$ 146,258</u></u>	<u><u>\$ 84,563</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 12,230</u>	<u>\$ 10,676</u>
Net Assets		
Unrestricted	5,777	(4,013)
Temporarily restricted (Note 2)	<u>128,251</u>	<u>77,900</u>
Total Net Assets	<u><u>134,028</u></u>	<u><u>73,887</u></u>
Total Liabilities and Net Assets	<u><u>\$ 146,258</u></u>	<u><u>\$ 84,563</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 49,372	\$ 33,677
Net assets released from restriction		
Satisfaction of program restriction	<u>589,764</u>	<u>576,223</u>
Total Unrestricted Revenue and Support	<u>639,136</u>	<u>609,900</u>
Expenses		
Program Services	588,241	575,154
Supporting Services		
Management and general	<u>41,105</u>	<u>36,712</u>
Total Expenses	<u>629,346</u>	<u>611,866</u>
Increase (Decrease) in Unrestricted Net Assets	<u>9,790</u>	<u>(1,966)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	640,115	597,123
Net assets released from restriction	<u>(589,764)</u>	<u>(576,223)</u>
Increase in Temporarily Restricted Net Assets	<u>50,351</u>	<u>20,900</u>
Increase in net assets	60,141	18,934
Net assets, beginning of year	<u>73,887</u>	<u>54,953</u>
Net Assets, End of Year	<u><u>\$ 134,028</u></u>	<u><u>\$ 73,887</u></u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 60,141	\$ 18,934
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Amortization	819	-
Donated securities	(1,053)	(27,304)
(Increase) decrease in:		
Unconditional promises to give	(96,450)	45,000
Account receivable	(2,393)	3,619
Increase in accounts payable and accrued expenses	1,554	5,564
Net Cash Provided (Used) By Operating Activities	<u>(37,382)</u>	<u>45,813</u>
Cash Flows From Investing Activities		
Payment for website	(4,911)	-
Proceeds from sale of investments	1,053	27,304
Net Cash Provided (Used) By Investing Activities	<u>(3,858)</u>	<u>27,304</u>
Net increase (decrease) in cash	(41,240)	73,117
Cash, beginning of year	<u>79,563</u>	<u>6,446</u>
 Cash, End of Year	 <u>\$ 38,323</u>	 <u>\$ 79,563</u>

See notes to financial statements.

FRIENDS OF FONDATION DE FRANCE, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008 AND 2007****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Friends of Fondation De France, Inc. (the "Organization") is a not-for-profit organization, classified as a public charity, that was incorporated under the laws of the State of New York. The Fund 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 elderly. (2) Cooperating with other charitable organizations for any of the foregoing purposes (3) Conducting any other activities that may be necessary, useful, and desirable for the furtherance or accomplishment of the foregoing purposes.

During the year ended December 31, 2008, the Organization received approximately 74% of its contribution revenue from five contributors. During the year ended December 31, 2007, 63% of its contribution revenue was received from three contributors.

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 \$300,000 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, 2008 AND 2007****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 509(a)(1) which is not a supporting organization and which is not a private foundation.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for pending grants.

Note 3 - Concentration of Credit Risk

The Organization maintains 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 4 - Related Party

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

FRIENDS OF FONDATION DE FRANCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Note 5 - Functional Allocation of Expenses

The cost of providing the 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.