

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007

(With Comparative Totals for December 31, 2006)

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Friends of the University of Auckland, Inc.

We have audited the accompanying statement of financial position of Friends of the University of Auckland, Inc. (the "Organization") as of December 31, 2007, and the related statement of activities, functional expenses, and cash flows for the year 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. The financial statements of Friends of the University of Auckland, Inc. as of December 31, 2006 were reviewed by other accountants, whose report dated May 8, 2007, stated they were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

We conducted our audit in accordance with generally accepted auditing standards 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 audit provides 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 the University of Auckland, Inc. as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

ERE LLP

New York, NY
May 22, 2008

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF FINANCIAL POSITION

As of December 31,	2007	2006 (Unaudited)
Assets:		
Cash and cash equivalents	\$ 135,650	\$ 190,803
Grants receivable	92,000	-
Investments	45,348	-
Total Assets	\$ 272,998	\$ 190,803
Net Assets:		
Unrestricted	\$ 30,058	\$ 29,343
Temporarily restricted	242,940	161,460
Total Net Assets	272,998	190,803
Total Net Assets	\$ 272,998	\$ 190,803

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

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2007 (with comparative totals for 2006)	Unrestricted	Temporarily Restricted	2007	2006 (Unaudited)
Support and Revenues:				
Foundation grants	\$ 1,000	\$ 135,092	\$ 136,092	\$ 146,564
Contributions	12,721	210,548	223,269	302,582
In-kind contribution	143,610	-	143,610	-
Investment income	3,879	-	3,879	41,918
Net asset released from restrictions	264,160	(264,160)	-	-
Total Support and Revenues	425,370	81,480	506,850	491,064
Expenses:				
Program	280,555	-	280,555	968,357
Management and general	17,088	-	17,088	74,277
Fundraising	126,049	-	126,049	59,894
Costs of direct benefits to donors	963	-	963	-
Total Expenses	424,655	-	424,655	1,102,528
Change in net assets	715	81,480	82,195	(611,464)
Net assets, beginning of year	29,343	161,460	190,803	802,267
Net assets, end of year	\$ 30,058	\$ 242,940	\$ 272,998	\$ 190,803

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

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2007
(with comparative totals for 2006)

	Program Services	Costs			2006 (Unaudited)
		Management and General	Fundraising	of Direct Benefits to Donors	
Grants to University of Auckland Foundation	\$ 280,555	\$ -	\$ -	\$ -	\$ 968,357
Contractual management and administrative services	-	-	-	-	134,064
Bank fees	-	90	-	90	107
Professional fees in-kind	-	16,598	126,049	-	142,647
Rent and parking	-	400	-	-	400
Costs of direct benefits to donors	-	-	-	963	963
Total	\$ 280,555	\$ 17,088	\$ 126,049	\$ 963	\$ 424,655
					\$ 1,102,528

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

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31,	2007	2006 (Unaudited)
Cash Flows From Operating Activities:		
Adjustments to reconcile change (deficit) in net assets to net cash used in operating activities:	\$ 82,195	\$ (611,464)
Net realized and unrealized loss on investments	-	(26,350)
Change in operating assets and liabilities:		
Increase grants receivable	(92,000)	-
Decrease in accounts payable	-	(12,500)
Decrease in Due to University of Auckland Foundation	-	(481,427)
Net cash used in operating activities	(9,805)	(1,131,741)
Cash Flows From Investing Activities:		
Proceeds from sales of investments	-	312,344
Purchase of investments	(45,348)	-
Net cash (used in) provided by investing activities	(45,348)	312,344
Net decrease in cash and cash equivalents	(55,153)	(819,397)
Cash and cash equivalents - beginning of year	190,803	1,010,200
Cash and cash equivalents - end of year	\$ 135,650	\$ 190,803

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

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2007

1. NATURE OF ORGANIZATION:

Friends of the University of Auckland, Inc. (the "Organization") conducts activities that support or benefit the University of Auckland Foundation in New Zealand. Friends of the University of Auckland, Inc. is an exempt organization for federal income tax purposes under Section 501(c) (3) of the Internal Revenue Code and is not classified as a private foundation. Friends of the University of Auckland, Inc. is supported primarily by contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The classification of the Organization's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These three classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Friends of the University of Auckland, Inc.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unrestricted - The portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in banks and highly liquid investments with maturity dates of three months or less.

Investments

Investments are recorded at fair value, based upon quoted market price. All investment income is recorded in unrestricted net assets class.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2007

Grants Receivable

Grants receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Unless material, the discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Donated Services

Donated services are recorded at their estimated fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Friends of the University of Auckland, Inc. During the years ending December 31, 2007 the Organization received donated professional services totaling \$143,610 from University of Auckland.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The December 31, 2007 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for December 31, 2006 are presented. As a result, the December 31, 2006 comparative information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such December 31, 2006 information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

3. INVESTMENTS

Investments consist of the following as of December 31, 2007:

	Fair Value	Cost Value
Equities	\$ 45,348	\$ 45,348
	\$ 45,348	\$ 45,348

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2007

Investments are subject to market volatility that could change their carrying values substantially in the near term.

There was no interest or dividends for 2007, stock donation was donated on December 31, 2007.

4. GRANTS RECEIVABLE:

Grants receivable consist of the following as of December 31, 2007:

Amounts due in:	
Less than one year	\$ 42,000
Between 1-5 years	50,000
	\$ 92,000

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are purpose restricted and consist of the following:

	2007	2006
Hood Fund	\$ -	\$ 62,060
Leigh Marine Lab	100,000	-
Steven West	3,200	-
Clive and Janet Holborow	3,000	-
Buckley Glavish Endowment	32,392	58,400
Cecil Segedin Fund	20,000	11,000
Brick Family Scholarship	39,000	30,000
James and Hazel D Lord Emerging Faculty Fellowship	45,348	-
	\$ 242,940	\$ 161,460

Net assets were released from restrictions during the year ended December 31, 2007 by incurring program expenses or the passage of time, thus satisfying the restricted purposes as follows:

Buckley Glavish Endowment	\$ 161,100
Hood Fund	62,060
Cecil Segedin Fund	11,000
Brick Family Scholarship	30,000
	\$ 264,160

6. FUTURE COMMITMENT:

The Organization entered into a gift instruction and endowment agreement during the year ended December 31, 2003, for the establishment and administration of an endowment to support the University of Auckland's Department of Physics. This has been classified as an agency transaction. The Organization received the final contribution during 2007.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2007

7. **CONCENTRATIONS:** A) Financial instruments that potentially subject Friends of the University of Auckland, Inc. to a concentration of credit risk include cash accounts at major financial institutions that exceeded the FDIC limits by approximately \$36,000 as of December 31, 2007.
- B) In 2007, the Organization received approximately 27% of their total revenue from a single foundation.