

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2009
(With Comparative Totals for December 31, 2008)

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.
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ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Friends of the University of Auckland, Inc. (the "Organization") as of December 31, 2009 and the related statement of activities, functional expenses and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Organization. The prior year summarized comparative information has been derived from Organization's 2008 financial statements and, in our report dated August 24, 2009, we were not aware of any material modifications that should have been made on those financial statements.

A review consists principally of inquires of the Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

ERE LLP

New York, NY
August 12, 2010

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2009 (With Comparative Totals for 2008)	2009	2008
Assets:		
Cash and cash equivalents	\$ 136,427	\$ 202,213
Grants receivable	69,738	20,010
Total Assets	\$ 206,165	\$ 222,223
Net Assets:		
Unrestricted	\$ 36,523	\$ 33,951
Temporarily restricted	169,642	188,272
Total Net Assets	206,165	222,223
Total Net Assets	\$ 206,165	\$ 222,223

See accompanying notes and accountants' report.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009 (With Comparative Totals for 2008)	Temporarily		2009	2008
	Unrestricted	Restricted		
Support and Revenues:				
Grants and contributions	\$ 2,750	\$ 209,727	\$ 212,477	\$ 166,922
In-kind contribution	150,666	-	150,666	169,408
Interest income	305	-	305	2,403
Unrealized loss on investment	-	-	-	(3,167)
Net asset released from restrictions	228,357	(228,357)	-	-
Total Support and Revenues	382,078	(18,630)	363,448	335,566
Expenses:				
Program	228,357	-	228,357	216,790
Management and general	22,719	-	22,719	20,472
Fundraising	128,430	-	128,430	149,079
Total Expenses	379,506	-	379,506	386,341
Change in net assets	2,572	(18,630)	(16,058)	(50,775)
Net assets, beginning of year	33,951	188,272	222,223	272,998
Net assets, end of year	\$ 36,523	\$ 169,642	\$ 206,165	\$ 222,223

See accompanying notes and accountants' report.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009 (With Comparative Totals for 2008)

	Program Services	Management and General	Fundraising	2009	2008
Grants to University of Auckland Foundation	\$ 228,357	\$ -	\$ -	\$ 228,357	\$ 216,790
Professional fees in-kind	-	22,236	128,430	150,666	169,408
Bank fees	-	483	-	483	143
Total	\$ 228,357	\$ 22,719	\$ 128,430	\$ 379,506	\$ 386,341

See accompanying notes and accountants' report.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

(With Comparative Totals for 2008)

	2009	2008
Cash Flows From Operating Activities:		
Change in net assets	\$ (16,058)	\$ (50,775)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized loss on investments	-	3,167
Donated stock	(15,825)	-
Change in operating assets and liabilities:		
(Increase) decrease in grants receivable	(49,728)	71,990
Net cash (used in) provided by operating activities	(81,611)	24,382
Cash Flows From Investing Activities:		
Proceeds from sales of investments	15,825	40,757
Interest income reinvested	-	1,424
Net cash provided by investing activities	15,825	42,181
Net (decrease) increase in cash and cash equivalents	(65,786)	66,563
Cash and cash equivalents - beginning of year	202,213	135,650
Cash and cash equivalents - end of year	\$ 136,427	\$ 202,213

See accompanying notes and accountants' report.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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.

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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. For the years ended December 31, 2009 and 2008 amounts due greater than one year have not been discounted.

The carrying value of the grants and other receivables approximates fair value. Management reviews those receivables due in more than one year for impairment and none were determined as of December 31, 2009 and 2008.

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, 2009 and 2008 the Organization received donated professional services totaling \$150,666 and \$169,408 from the University of Auckland, respectively.

Functional Allocation of Expenses

The costs of providing 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.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through the report date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

Comparative Financial Information

The December 31, 2009 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, 2008 are presented. As a result, the December 31, 2008 comparative information does not include sufficient detail to

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2009

constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such December 31, 2008 information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Implementation of New Accounting Pronouncements

Effective December 15, 2009, the Organization adopted a new accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effect of this change in accounting principal was immaterial.

The Organization is under regular audit by tax authorities. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

The Organization classifies interest on underpayments on income tax as interest expense, and classifies penalties in connection with underpayments of tax as miscellaneous expenses.

With few exceptions, the Organization is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for fiscal years before 2006.

3. GRANTS RECEIVABLE:

Grants receivable consist of the following as of December 31, 2009:

Amounts due in:	
Less than one year	\$ 10,135
One to five years	59,603
	<u>\$ 69,738</u>

4. TEMPORARILY RESTRICTED NET ASSETS:

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

	2009	2008
Scholarship	\$ 101,623	\$ 32,020
Fellowship	45,310	76,572
Building	-	50,000
Program	22,709	29,680
	<u>\$ 169,642</u>	<u>\$ 188,272</u>

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2009

Net assets were released from restrictions during the year ended December 31, 2009 by incurring program expenses or the passage of time, thus satisfying the restricted purposes as follows:

Scholarship	\$ 93,825
Fellowship	59,262
Building	50,000
Program	25,270
	<u>\$ 228,357</u>

5. **CONCENTRATIONS:**
- A. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through 2013.
 - B. In 2009 and 2008, the Organization received approximately 78% and 74% of their total revenue from three and four major donors, respectively.