

KING BAUDOIN FOUNDATION UNITED STATES, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2009 AND 2008

KING BAUDOIN FOUNDATION UNITED STATES, INC.

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TAIT, WELLER & BAKER LLP

Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

King Baudouin Foundation United States, Inc.

New York, New York

We have audited the accompanying statement of financial position of King Baudouin Foundation United States, Inc. (the “*Foundation*”), as of December 31, 2009, and the related statements of activities and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year information has been derived from the Foundation’s 2008 financial statements and, in our report dated June 17, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our 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 King Baudouin Foundation United States, Inc. as of December 31, 2009, 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.

Our audit was conducted for the purpose of forming the opinion on the basic financial statements referred to above taken as a whole. The accompanying supplemental information on pages 11 to 12, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



New York, New York

June 24, 2010

KING BAUDOIN FOUNDATION UNITED STATES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$2,644,653	\$3,126,520
Investments (<i>Note 2</i>)	1,936,635	2,052,248
Grants receivable (<i>Note 3</i>)	1,269,000	1,797,000
Accounts receivable	88,500	-
Equipment, net (<i>Note 4</i>)	13,727	22,878
Donated artwork (<i>Note 4</i>)	31,050	30,000
Security deposit	2,539	2,539
Prepaid expenses	<u>2,000</u>	<u>100</u>
Total assets	<u>\$5,988,104</u>	<u>\$7,031,285</u>
LIABILITIES		
Accounts payable	\$ 218,493	\$ 94,677
Grants payable (<i>Note 5</i>)	2,656,519	3,665,687
Deferred revenue	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>2,900,012</u>	<u>3,785,364</u>
NET ASSETS		
Unrestricted		
General operations	606,781	412,288
Art Works	31,050	30,000
KBFUS Cultural Heritage Fund	21,810	14,204
Advised gifts in process	372,921	594,470
American Friends Funds	<u>402,209</u>	<u>906,820</u>
Total unrestricted	<u>1,434,771</u>	<u>1,957,782</u>
Temporarily restricted (<i>Note 6</i>)	<u>1,653,321</u>	<u>1,288,139</u>
Total net assets	<u>3,088,092</u>	<u>3,245,921</u>
Total liabilities and net assets	<u>\$5,988,104</u>	<u>\$7,031,285</u>

KING BAUDOIN FOUNDATION UNITED STATES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2009 with summarized information for 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
REVENUE AND OTHER SUPPORT				
Contributions – General	\$ 4,695,004	\$ 5,585,744	\$10,280,748	\$ 9,761,739
Management and investment fees	297,149	-	297,149	259,362
KBF operational	287,767	-	287,767	416,617
Investment income (loss)	54,002	28,775	82,777	(55,495)
Consulting	211,507	-	211,507	36,000
Net assets released from restrictions (<i>Note 6</i>)	<u>5,249,337</u>	<u>(5,249,337)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>10,794,766</u>	<u>365,182</u>	<u>11,159,948</u>	<u>10,418,223</u>
EXPENSES				
Grants and program expenses	10,835,729	-	10,835,729	8,939,481
Management and general expenses	<u>482,048</u>	<u>-</u>	<u>482,048</u>	<u>456,699</u>
Total expenses	<u>11,317,777</u>	<u>-</u>	<u>11,317,777</u>	<u>9,396,180</u>
Change in net assets	(523,011)	365,182	(157,829)	1,022,043
NET ASSETS				
Beginning of year	<u>1,957,782</u>	<u>1,288,139</u>	<u>3,245,921</u>	<u>2,223,878</u>
End of year	<u>\$ 1,434,771</u>	<u>\$ 1,653,321</u>	<u>\$ 3,088,092</u>	<u>\$ 3,245,921</u>

KING BAUDOIN FOUNDATION UNITED STATES, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (157,829)	\$ 1,022,043
<i>Adjustments to reconcile the net change in net assets to net cash provided by (used for) operating activities</i>		
Unrealized (gain) loss on investments	(57,208)	134,987
Loss on sale of investments	15,576	21
Depreciation expense	9,151	4,576
(Increase) decrease in		
Prepaid expenses	(1,900)	(100)
Grants receivable	528,000	(1,776,200)
Accounts receivable	(88,500)	-
Increase (decrease) in		
Accounts and grants payable	(885,352)	2,899,287
Deferred revenue	-	25,000
Net cash provided by (used for) operating activities	<u>(638,062)</u>	<u>2,309,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,277,125)	(2,241,764)
Proceeds from sales of investments	1,434,370	976,402
Purchase of equipment	-	(27,454)
Donated artwork	(1,050)	(30,000)
Net cash provided by (used for) investment activities	<u>156,195</u>	<u>(1,322,816)</u>
Net increase (decrease) in cash	(481,867)	986,798
CASH		
Beginning of year	<u>3,126,520</u>	<u>2,139,722</u>
End of year	<u>\$ 2,644,653</u>	<u>\$ 3,126,520</u>

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

King Baudouin Foundation United States, Inc. (the “*Foundation*” or “*KBFUS*”) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation was organized in 1997. Its objective is to help U.S. donors achieve their philanthropic goals in Europe and Africa. From one-time grants to long-term structured and effective giving programs, the Foundation provides solutions that can be tailored to their needs, interests and priorities.

BASIS OF ACCOUNTING

The Foundation prepares its financial statements on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when owed under the accrual basis.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available, June 24, 2010, have been evaluated in the preparation of the financial statements.

CONCENTRATION OF CREDIT RISK

The Foundation occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, formerly known as Statement of Financial Accounting Standards (“*SFAS*”) No. 107, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

INVESTMENTS

Investments are reported at their fair values with associated income and gains and losses recorded on the accompanying statement of activities. The fair value of investments traded on a securities exchange is determined based on quoted market prices. Contributions of marketable securities are recorded at their market values on the dates of donation.

PROPERTY AND EQUIPMENT

Purchased property and equipment are recorded at acquisition cost. Donated property and equipment are recorded at their fair value. Property and equipment are depreciated over the estimated useful lives of the assets.

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

NET ASSETS

For accounting and reporting purposes, all of the Foundation's resources are categorized as unrestricted as defined below.

Unrestricted Net Assets – General Operations – include the revenues and expenses associated with the principal mission of the Foundation.

Unrestricted Net Assets – Advised Gifts In Process – include contributions received with recommendations that the Foundation use the gift to support a specific non-profit organization.

Temporarily Restricted Net Assets – include contributions and other assets received with donor stipulations that limit the use of the donated asset to a particular field of interest. When the donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*”

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such 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 information should be read in conjunction with the Foundation's audited financial statements for the year ended December 31, 2008, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

(2) INVESTMENTS

Cost and market values at December 31 are summarized as follows:

<u>Net Assets</u>	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Unrestricted	\$1,578,632	\$1,529,935	\$1,543,364	\$1,478,964
Temporarily Restricted	<u>437,595</u>	<u>406,700</u>	<u>645,684</u>	<u>573,284</u>
Total	<u>\$2,016,227</u>	<u>\$1,936,635</u>	<u>\$2,189,048</u>	<u>\$2,052,248</u>

The components of marketable securities at December 31 are:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash equivalents	\$ 61,955	\$ 61,955	\$ 79,274	\$ 79,274
U.S. Government Obligations	900,000	876,225	1,479,285	1,484,686
Mutual Funds				
Bond	592,376	603,050	194,200	199,960
Equity	<u>461,896</u>	<u>395,405</u>	<u>436,289</u>	<u>288,328</u>
	<u>\$2,016,227</u>	<u>\$1,936,635</u>	<u>\$2,189,048</u>	<u>\$2,052,248</u>

As of December 31, 2009 and 2008, net unrealized losses consisted of \$79,592 and \$136,800, respectively.

The Foundation utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principals establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

The summary of inputs used to value the Foundation's assets that are carried at fair value as of December 31, 2009 and 2008 are as follows:

	2009			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Equivalents	\$ 61,955	\$ 61,955	\$ -	\$ -
U.S. Government Obligations	876,225	-	876,225	-
Mutual Funds				
Bond	603,050	603,050	-	-
Equity	<u>395,405</u>	<u>395,405</u>	<u>-</u>	<u>-</u>
	<u>\$1,936,635</u>	<u>\$1,060,410</u>	<u>\$876,225</u>	<u>\$ -</u>

	2008			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Equivalents	\$ 79,274	\$ 79,274	\$ -	\$ -
U.S. Government Obligations	1,484,686	-	1,484,686	-
Mutual Funds				
Bond	199,960	199,960	-	-
Equity	<u>288,328</u>	<u>288,328</u>	<u>-</u>	<u>-</u>
	<u>\$2,052,248</u>	<u>\$ 567,562</u>	<u>\$1,484,686</u>	<u>\$ -</u>

(3) GRANTS RECEIVABLE

Grants receivable are due as follows at December 31:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$1,269,000	\$ 617,000
Receivable in less than two years	<u>-</u>	<u>1,180,000</u>
	<u>\$1,269,000</u>	<u>\$1,797,000</u>

(4) PROPERTY AND EQUIPMENT

At December 31, 2009 and 2008, equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Software	\$27,454	\$27,454
Less: Accumulated depreciation	<u>13,727</u>	<u>4,576</u>
	<u>\$13,727</u>	<u>\$22,878</u>

In 2009, the Foundation received donated artwork, valued at \$1,050. This artwork is currently on loan to the Musea en Erfgoed Antwerpen in Belgium.

In 2008, the Foundation received donated artwork, valued at \$30,000. This artwork is currently on loan to the Belvue Museum in Belgium.

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

(5) GRANTS PAYABLE

Unconditional grants are recorded as expense during the year of approval. Grants subject to certain conditions are recorded as expense during the year in which conditions are substantially met or the possibility that the conditions will not be met is remote, as determined by management.

The fair value of grants payable as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Payable in one year	\$2,566,519	\$2,305,687
Payable in one to five years	<u>90,000</u>	<u>1,360,000</u>
Total grants payable	<u>\$2,656,519</u>	<u>\$3,665,687</u>

(6) NET ASSETS

Temporarily restricted net assets at December 31, 2009 and 2008 consist of:

	<u>2009</u>	<u>2008</u>
Johnson & Johnson International Health Fund	\$ 472,241	\$ 360,820
Starbucks Charitable Fund	357,200	127,200
Matara Fund	1,593	1,593
Sten & Margitha Akerlund Fund	14,221	14,926
Life Giving Water Fund	23,245	15,412
Patton – Stiftung Sustainable Trust	1,434	15,840
Barry Gaberman Lecture Fund	74,187	61,137
Friends of Belgium in America Fund	28,209	46,973
Wrigley Global Giving Fund	27,250	412,981
CS Busch Fund	56,173	41,497
Pfizer Foundation Fund	50,000	70,000
Alcatel Lucent Foundation Fund	97,964	4,200
Caterpillar Foundation Fund	377,020	115,560
Dirk Nowitzki Fund	160	-
Adobe Foundation Fund	24,200	-
Adobe Youth Voices Fund	<u>48,224</u>	<u>-</u>
	<u>\$1,653,321</u>	<u>\$1,288,139</u>

KING BAUDOIN FOUNDATION UNITED STATES, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009 and 2008

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2009:

	<u>2009</u>
Johnson & Johnson International Health Fund	\$ 506,080
Life Giving Water Fund	76,427
Patton-Stiftung Sustainable Trust	15,000
Friends of Belgium in America Fund	32,530
Pfizer Foundation Fund	2,897,000
Sten & Margitha Akerlund Fund	16,000
Wrigley Global Giving Fund	375,000
Alcatel Lucent Foundation Fund	804,900
Dirk Nowitzki Fund	96,000
Caterpillar Foundation Fund	201,000
Adobe Foundation Fund	145,000
Adobe Youth Voices Fund	<u>84,400</u>
	<u>\$5,249,337</u>

(7) RELATED PARTY TRANSACTIONS

The Foundation was originally organized with the assistance of King Baudouin Foundation (“**KBF**”), a non-profit organization based in Belgium. The Foundation receives grants from and provides grants to KBF.

	<u>2009</u>	<u>2008</u>
Grants from King Baudouin Foundation for operational purposes	<u>\$287,767</u>	<u>\$416,617</u>

(8) COMMITMENTS

The Foundation leases office space in New York under an operating lease running from February 1, 2007 through January 31, 2009, and extended through January 2011. Monthly rent, exclusive of operating and real estate escalations, is \$1,694 per month. Rent expense for the year ended December 31, 2009 and 2008 was \$26,012 and \$25,248, respectively.

SUPPLEMENTAL INFORMATION

KING BAUDOIN FOUNDATION UNITED STATES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Contributions – General:		
Advised gifts	\$ 3,119,688	\$ 1,428,341
American Friends Fund	1,519,734	1,990,979
KBFUS Programs (including artwork)	47,976	33,808
KBFUS Cultural Heritage Fund	7,606	11,020
Johnson & Johnson International Health Fund	616,037	716,679
Starbucks Charitable Fund	230,000	(1,400)
Matara Fund	-	(200)
Life Giving Water Fund	83,479	57,494
Patton – Stiftung Sustainable Trust	594	743
Barry Gaberman Lecture Fund	-	150
Friends of Belgium in America Fund	13,766	31,665
Wrigley Global Giving Fund	(9,600)	(4,400)
CS Busch Fund	-	350,800
Dirk Nowitzki Fund	96,160	-
Pfizer Foundation Fund	2,877,000	2,860,000
Sten & Margitha Akerlund Fund	15,360	19,800
Dow Chemical Company Foundation Fund	-	2,065,500
Alcatel Lucent Foundation Fund	898,664	24,200
Richard J. Massey Foundation Fund	-	50,000
Caterpillar Foundation Fund	462,460	126,560
Adobe Foundation Fund	169,200	-
Adobe Youth Voices Fund	132,624	-
Total Contributions – General	<u>10,280,748</u>	<u>9,761,739</u>
Management and investment fees	297,149	259,362
Consulting	211,507	36,000
KBF Operational Contributions	287,767	416,617
Investment Income (Loss)	<u>82,777</u>	<u>(55,495)</u>
Total Revenues and Other Support	<u>\$ 11,159,948</u>	<u>\$10,418,223</u>

KING BAUDOIN FOUNDATION UNITED STATES, INC.

SCHEDULES OF GRANTS AND PROGRAM EXPENSES AND MANAGEMENT AND GENERAL EXPENSES

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Grant Expenses		
Advised gifts	\$ 3,340,744	\$1,319,699
American Friends Fund	2,024,839	1,139,084
Johnson & Johnson International Health Fund	506,080	681,327
Starbucks Charitable Fund	-	35,000
Patton Stiftung Sustainable Trust	15,000	-
Matara Fund	-	5,000
Life Giving Water Fund	76,427	50,000
Friends of Belgium In America Fund	32,530	14,601
CS Busch Fund	-	360,000
Dirk Nowitzki Fund	96,000	-
Pfizer Foundation Fund	2,897,000	2,980,000
Wrigley Global Giving Fund	375,000	110,000
Dow Chemical Company Foundation Fund	-	2,065,500
Sten & Margitha Akerlund Fund	16,000	5,000
Alcatel Lucent Foundation Fund	804,900	20,000
Richard J. Massey Foundation Fund	-	50,000
Caterpillar Foundation Fund	201,000	11,000
Adobe Foundation Fund	145,000	-
Adobe Youth Voices Fund	<u>84,400</u>	<u>-</u>
Total Grant Expenses	<u>10,614,920</u>	<u>8,846,211</u>
Program Expenses		
KBFUS Programs	44,189	67,320
Consulting fees	<u>176,620</u>	<u>25,950</u>
Total Program Expenses	<u>220,809</u>	<u>93,270</u>
Total Grant and Program Expense	<u>\$ 10,835,729</u>	<u>\$8,939,481</u>
Management and General Expenses		
Salaries and payroll taxes	\$ 295,626	\$ 283,147
Executive Secretary travel expense	32,107	33,259
Expense reimbursements	-	1,364
Professional services		
Legal fees	29,937	23,322
Accounting	7,500	7,000
Payroll fees	1,734	997
Occupancy	26,012	25,248
Office supplies and postage	5,106	6,460
Printing and website	10,080	7,632
Events and publications	18,589	14,223
Information technology	10,962	4,800
Insurance	7,615	7,472
Dues and memberships	7,476	12,650
Bank charges	2,259	842
Depreciation	9,151	4,576
Miscellaneous	<u>17,894</u>	<u>23,707</u>
Total Management and General Expenses	<u>\$ 482,048</u>	<u>\$ 456,699</u>

TAIT, WELLER & BAKER LLP
Certified Public Accountants
Philadelphia, New Jersey, New York
www.taitweller.com