

**FRIENDS OF CONSERVATION -
FRIENDS OF THE MASAI MARA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of Conservation -
Friends of the Masai Mara
Downers Grove, Illinois

We have audited the accompanying statements of financial position of Friends of Conservation - Friends of the Masai Mara (a non-profit corporation) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Conservation - Friends of Masai Mara as of December 31, 2009 and 2008, 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.


Stephen D. Mareta, P.C.

Northbrook, IL
September 28, 2010

**FRIENDS OF CONSERVATION -
FRIENDS OF THE MASAI MARA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 204,437	\$ 146,627
Accounts receivable	24,661	1,152
Inventory	1,742	1,532
Prepaid expenses		7,059
Employee receivables	3,744	5,845
Total current assets	<u>234,584</u>	<u>162,215</u>
Property and equipment		
Office equipment	10,275	10,137
Less: Accumulated depreciation	<u>9,591</u>	<u>8,679</u>
Net property and equipment	<u>684</u>	<u>1,458</u>
Other assets:		
Security deposit	<u>1,680</u>	<u>1,500</u>
Total assets	<u>\$ 236,948</u>	<u>\$ 165,173</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 50,241	\$ 86,138
Deferred revenue		<u>2,600</u>
Total current liabilities	<u>50,241</u>	<u>88,738</u>
Long-Term Liabilities (Note C)	<u>41,515</u>	<u>49,430</u>
Net assets		
Unrestricted	38,861	(47,306)
Temporarily restricted (Note D)	106,331	74,311
Permanently restricted		
Total net assets	<u>145,192</u>	<u>27,005</u>
Total liabilities and net assets	<u>\$ 236,948</u>	<u>\$ 165,173</u>

See Accompanying Notes to Financial Statements and Auditors' Report.

**FRIENDS OF CONSERVATION -
FRIENDS OF THE MASAI MARA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			2009 Total	Restated 2008 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE AND OTHER SUPPORT					
General support	\$ 78,091	\$ 120,143	\$	\$ 198,234	\$ 134,230
Contributions					
Donated services					
Special events (net of direct costs of \$104,320 in 2009 and \$110,445 in 2008)	97,985			97,985	87,784
Merchandise sales	200			200	8
Investment income	737			737	1,138
Net assets released from restrictions					
Restrictions satisfied by payments	88,123	(88,123)			
Total revenue and other support	<u>265,136</u>	<u>32,020</u>		<u>297,156</u>	<u>223,160</u>
EXPENSES					
Program services					
Domestic	150,980			150,980	1,000
Foreign	27,989			27,989	152,415
Supporting services					31,137
Total expenses	<u>178,969</u>			<u>178,969</u>	<u>184,552</u>
Change in assets	\$ 86,167	\$ 32,020	\$	\$ 118,187	\$ 38,608
Net assets, beginning of year	<u>(47,306)</u>	<u>74,311</u>		<u>27,005</u>	<u>(11,603)</u>
Net assets, end of year	<u>\$ 38,861</u>	<u>\$ 106,331</u>	<u>\$</u>	<u>\$ 145,192</u>	<u>\$ 27,005</u>

See Accompanying Notes to Financial Statements and Auditors' Report.

FRIENDS OF CONSERVATION -
 FRIENDS OF THE MASAI MARA
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>Restated 2008</u>
Program services		
Domestic	\$ <u> </u>	\$ <u> 1,000</u>
Foreign		
Wildlife conservation programs	134,996	125,623
Education and membership	15,938	26,792
Merchandise	46	
Total foreign program services	<u>150,980</u>	<u>152,415</u>
Total program services	<u>150,980</u>	<u>153,415</u>
 Supporting services		
Salaries and wages	8,154	7,583
Payroll taxes	770	795
Employee benefits	355	1,087
Casual labor	50	
Credit card charges	2,676	3,250
Depreciation	912	1,361
Insurance	1,057	3,755
License and dues	97	292
Occupancy expenses	4,543	2,190
Office and computer supplies	2,028	6,485
Postage and delivery	568	539
Professional fees	412	92
Retirement plan contribution	1,995	974
Storage	622	274
Telephone	3,750	2,460
Total supporting services	<u>27,989</u>	<u>31,137</u>
 Total Program and Supporting Services	 <u>\$ 178,969</u>	 <u>\$ 184,552</u>

See Accompanying Notes to Financial Statements and Auditors' Report.

**FRIENDS OF CONSERVATION -
FRIENDS OF THE MASAI MARA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>Restated 2008</u>
Cash Flows from Operating Activities		
Increase(decrease) in net assets	\$ 118,187	\$ 38,608
Adjustments to reconcile the increase(decrease) in net assets to cash provided by operating activities		
Depreciation	912	1,361
(Increase) decrease -		
Accounts receivable	(23,509)	15,011
Inventories	(210)	3
Prepaid expenses	7,059	(5,754)
Employee advances	2,101	5,625
(Decrease) increase -		
Accounts payable	(35,897)	27,789
Deferred revenue	(2,600)	(24,681)
Total adjustments	<u>(52,144)</u>	<u>19,354</u>
Net cash provided by operating activities	<u>66,043</u>	<u>57,962</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(138)	(704)
Security deposit	<u>(180)</u>	<u>(1,500)</u>
Net cash used by investing activities	<u>(318)</u>	<u>(2,204)</u>
Cash Flows from Financing Activities		
Long-term borrowings	<u>(7,915)</u>	<u>25,151</u>
Net cash used by financing activities	<u>(7,915)</u>	<u>25,151</u>
Net increase in cash	57,810	80,909
Cash and cash equivalents, Beginning of year	<u>146,627</u>	<u>65,718</u>
Cash and cash equivalents, End of year	<u>\$ 204,437</u>	<u>\$ 146,627</u>

See Accompanying Notes to Financial Statements and Auditors' Report.

**FRIENDS OF CONSERVATION
FRIENDS OF THE MASAI MARA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Nature of Activities

Friends of Conservation-Friends of the Masai Mara (Organization) was formed in 1982 as a non profit corporation based in Downers Grove, Illinois, with offices in London, and Kenya. The Organization is committed to preserving Africa's endangered species and their unique ecosystems by improving the capabilities of African people and their institutions, so they can find sustainable economic balance between human and wildlife needs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Date of Management's Review

Subsequent events were evaluated through September 28, 2010, which is the date the financial statements were available to be issued.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair value at their fair values in the statements of financial position. Unrealizable gains and losses are included in the change in net assets in the accompanying statement of activities.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

**FRIENDS OF CONSERVATION
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DECEMBER 31, 2009 AND 2008**

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives.

Donated Services

The organization recognizes as contributions the donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expense Allocation

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

Restricted and Unrestricted Revenue and Support

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 restrictions.

Income taxes

The Organization has qualified as a tax exempt Organization under existing provisions of the Internal Revenue Code, and its current activities do not result in any liabilities for federal or state income taxes.

NOTE B - RELATED PARTY TRANSACTIONS

A related company, which is owned in part by the Co-chairman of the Board of the Organization, donated auction items for 2009 and 2008 valued at \$14,480 and \$26,260, respectively.

**FRIENDS OF CONSERVATION
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DECEMBER 31, 2009 AND 2008**

The Organization has affiliated entities in England and Kenya. The operations of these entities are not combined with those of the Organization, but the programs of these entities are supported in part by the Organization.

NOTE C - LONG-TERM LIABILITIES

At December 31, 2009 and 2008, long-term debt consisted of a non-interest bearing note payable to a related party of \$41,515 and \$49,430, respectively.

NOTE D - RESTRICTED NET ASSETS

Temporarily restricted net assets are available at December 31, 2009 and 2008, for the following purposes:

	<u>2009</u>	<u>2008</u>
Future Projects	\$ <u>106,331</u>	\$ <u>74,311</u>

NOTE E - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSIT IN EXCESS OF INSURED LIMITS

The Organization places its temporary cash investments with financial institutions located in the Chicago area. Accounts are insured at each institution by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009, the Organization's had no uninsured cash balances.

NOTE F - PROFIT SHARING PLAN

The Company has a profit sharing/401K Plan covering substantially all of its employees. Contributions to the profit sharing portion of the plan is based on the employee's compensation. The Company matches 50% of an employees' contribution to the Plan to a maximum of 3% of compensation. For the years ended December 31, 2009 and 2008, the Company made matching contributions to the profit sharing plan of \$1,995 and \$974, respectively.

NOTE G - LEASING ARRANGEMENTS

The Company is leasing an office under a thirteen month non-cancelable lease, expiring in February, 2010.

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FRIENDS OF THE MASAI MARA
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The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2009.

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ <u>840</u>

Rental expense amounted to \$10,817 in 2009.

NOTE H - RESTATEMENT OF 2008 FINANCIAL

The 2008 financial statements contained the accounts of Abercrombie & Kent Philanthropy, a division of Friends of Conservation. In early 2009, Abercrombie & Kent Philanthropy was spun off into its own 501(c)(3) organization. Therefore, the 2008 financials have been restated to remove the activities of Abercrombie & Kent Philanthropy. The following is a summary of the changes made to the accounts affected by the restatement:

	<u>(Decrease)</u>
Statement of Financial Position	
Cash	\$ (154,052)
Accounts Receivable	(136,896)
Accounts Payable	(146,914)
Statement of Activities	
Contributions	(481,476)
Program Services	(337,442)