

The American Chestnut Foundation

Financial Statements

For the Year Ended June 30, 2007 with Summarized
Financial Information for the Year Ended June 30, 2006

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Independent Auditors' Report

To the Board of Directors
The American Chestnut Foundation
Bennington, Vermont

We have audited the accompanying statement of financial position of The American Chestnut Foundation (a not-for-profit organization) as of June 30, 2007, and the related statements of activities and changes in net assets, details of expenses and statements 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 summarized comparative information has been derived from The American Chestnut Foundation's June 30, 2006, financial statements and, in our report dated October 12, 2006, 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 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 The American Chestnut Foundation as of June 30, 2007, and the results of 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.

Cunningham, Powell & Associates, A.C.
Cunningham, Powell & Associates, A.C.
Certified Public Accountants

Morgantown, West Virginia
November 30, 2007

The American Chestnut Foundation
 Statements of Financial Position
 June 30, 2007 and June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2007	Summarized Financial Information as of June 30, 2006
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 362,195.14	\$ 29,085.47	\$ 1,566.77	\$ 392,847.38	\$ 264,909.78
Accounts receivable	77,184.00	105,629.50	0.00	182,813.50	428,774.00
Interest and dividends receivable	0.00	0.00	0.00	0.00	252.46
Inventory	22,986.21	0.00	0.00	22,986.21	19,965.83
Prepays and deposits	24,518.22	0.00	0.00	24,518.22	25,868.50
Total Current Assets	486,883.57	134,714.97	1,566.77	623,165.31	739,770.57
Property and Equipment					
Property and equipment - cost	1,127,178.93	0.00	0.00	1,127,178.93	910,849.57
Accumulated depreciation	(324,488.52)	0.00	0.00	(324,488.52)	(289,149.25)
Total Property and Equipment	802,690.41	0.00	0.00	802,690.41	621,700.32
Other Assets					
Investments	1,033,700.31	216,437.90	134,975.11	1,385,113.32	1,077,587.55
Accounts receivable	0.00	0.00	0.00	0.00	180,245.73
Intangible assets, net	24,936.91	0.00	0.00	24,936.91	7,631.74
Total Other Assets	1,058,637.22	216,437.90	134,975.11	1,410,050.23	1,265,465.02
Total Assets	\$ 2,348,211.20	\$ 351,152.87	\$ 136,541.88	\$ 2,835,905.95	\$ 2,626,935.91

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

The American Chestnut Foundation
 Statements of Financial Position
 June 30, 2007 and June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2007	Summarized Financial Information as of June 30, 2006
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 18,232.76	\$ 0.00	\$ 0.00	\$ 18,232.76	\$ 165,961.69
Accrued expenses	15,552.49	0.00	0.00	15,552.49	5,873.34
Current portion note payable	10,000.00	0.00	0.00	10,000.00	0.00
Margin loan payable	0.00	0.00	0.00	0.00	49,217.43
Total Current Liabilities	<u>43,785.25</u>	<u>0.00</u>	<u>0.00</u>	<u>43,785.25</u>	<u>221,052.46</u>
Non Current Liabilities					
Note payable	190,000.00	0.00	0.00	190,000.00	0.00
Deferred compensation agreement	182,671.12	0.00	0.00	182,671.12	170,338.78
Note payable	0.00	0.00	0.00	0.00	0.00
Total Non Current Liabilities	<u>372,671.12</u>	<u>0.00</u>	<u>0.00</u>	<u>372,671.12</u>	<u>170,338.78</u>
Total Liabilities	<u>416,456.37</u>	<u>0.00</u>	<u>0.00</u>	<u>416,456.37</u>	<u>391,391.24</u>
Net Assets					
Unrestricted	1,931,754.83	0.00	0.00	1,931,754.83	1,631,882.36
Temporarily restricted	0.00	351,152.87	0.00	351,152.87	488,281.29
Permanently restricted	0.00	0.00	136,541.88	136,541.88	115,381.02
Total Net Assets	<u>1,931,754.83</u>	<u>351,152.87</u>	<u>136,541.88</u>	<u>2,419,449.58</u>	<u>2,235,544.67</u>
Total Liabilities and Net Assets	<u>\$ 2,348,211.20</u>	<u>\$ 351,152.87</u>	<u>\$ 136,541.88</u>	<u>\$ 2,835,905.95</u>	<u>\$ 2,626,935.91</u>

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

The American Chestnut Foundation
 Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2007 and June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2007	Summarized Financial Information for the Year Ended June 30, 2006
Public Support and Revenue					
Contributions and grants	\$ 619,044.34	\$ 548,305.77	\$ 0.00	\$ 1,167,350.11	\$ 1,669,770.96
Membership dues	295,743.95	0.00	0.00	295,743.95	295,410.84
Investment return	135,256.74	43,614.25	21,160.86	200,031.85	122,442.05
Merchandise sales					
(net of cost of \$11,008.49 and \$5,243.36)	13,803.41	0.00	0.00	13,803.41	21,830.19
Contributed services	264,100.00	0.00	0.00	264,100.00	243,800.00
Other support and revenue	50.00	0.00	0.00	50.00	89.00
Net assets released from restriction	729,048.44	(729,048.44)	0.00	0.00	0.00
Total Public Support and Revenue	2,057,046.88	(137,128.42)	21,160.86	1,941,079.32	2,353,343.04
Expenses					
Program services	1,483,892.37	0.00	0.00	1,483,892.37	1,362,446.41
Management and general	223,296.68	0.00	0.00	223,296.68	251,015.70
Fundraising	49,985.36	0.00	0.00	49,985.36	62,914.04
Total Expenses	1,757,174.41	0.00	0.00	1,757,174.41	1,676,376.15
Change in Net Assets	299,872.47	(137,128.42)	21,160.86	183,904.91	676,966.89
Transfers	0.00	0.00	0.00	0.00	0.00
Net Assets, beginning of year	1,631,882.36	488,281.29	115,381.02	2,235,544.67	1,558,577.78
Net Assets, end of year	\$ 1,931,754.83	\$ 351,152.87	\$ 136,541.88	\$ 2,419,449.58	\$ 2,235,544.67

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

The American Chestnut Foundation
 Details of Expenses
 For the Years Ended June 30, 2007 and June 30, 2006

	Program Service	Management and General	Fundraising	June 30, 2007	Summarized Financial Information for the year ended June 30, 2006
Grants to others	\$ 80,248.65	\$ 0.00	\$ 0.00	\$ 80,248.65	\$ 72,893.48
Direct program expenses	284,767.45	9,000.00	2,594.09	296,361.54	231,963.97
Educational research project	107,116.05	0.00	0.00	107,116.05	158,226.37
Salaries and wages	489,368.11	112,773.07	13,869.42	616,010.60	567,347.71
Retirement	12,970.87	6,000.00	1,833.37	20,804.24	0.00
Other employee benefits	57,454.97	7,133.85	0.00	64,588.82	71,623.38
Payroll taxes	48,514.52	8,041.53	993.18	57,549.23	53,340.26
Professional fundraising fees	0.00	0.00	0.00	0.00	18,454.18
Accounting fees	0.00	36,100.46	0.00	36,100.46	42,501.34
Legal fees	18,000.00	2,000.00	0.00	20,000.00	20,000.00
Supplies	12,265.31	3,701.86	3,774.94	19,742.11	25,851.10
Telephone	11,998.03	2,434.53	564.96	14,997.52	16,162.28
Postage and shipping	13,053.69	2,016.77	664.80	15,735.26	37,001.90
Occupancy	44,308.13	9,138.45	1,533.58	54,980.16	54,224.06
Equipment rental and maintenance	45,567.83	0.00	0.00	45,567.83	25,921.91
Printing and publications	50,845.30	0.00	12,256.52	63,101.82	52,417.61
Travel	5,322.07	1,419.24	5,851.00	12,592.31	13,693.12
Conferences, conventions and meetings	48,823.09	0.00	0.00	48,823.09	59,685.75
Interest expense	8,477.04	0.00	0.00	8,477.04	1,146.43
Depreciation	34,267.08	1,072.19	0.00	35,339.27	34,269.79
State chapter dues	62,879.22	0.00	0.00	62,879.22	61,249.30
Contract labor	898.50	299.50	0.00	1,198.00	1,719.00
Deferred compensation	7,399.42	3,699.68	1,233.24	12,332.34	11,499.78
Other expenses	39,347.04	18,465.55	4,816.26	62,628.85	45,183.43
Total Expenses	\$ 1,483,892.37	\$ 223,296.68	\$ 49,985.36	\$ 1,757,174.41	\$ 1,676,376.15

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

The American Chestnut Foundation
 Statements of Cash Flows
 For the Years Ended June 30, 2007 and June 30, 2006

	June 30, 2007	June 30, 2006
Cash Flows From Operating Activities		
Change in net assets	\$ 183,904.91	\$ 676,966.89
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	35,339.27	34,269.79
Donated property and equipment		0.00
Unrealized loss (gain) on investments	(88,063.09)	(79,586.46)
(Increase) decrease in:		
Accounts receivable	426,206.23	(580,549.90)
Interest and dividends receivable	252.46	708.10
Inventory	(3,020.38)	(3,658.20)
Prepays and deposits	1,350.28	(16,762.33)
Increase (decrease) in:		
Accounts payable	(147,728.93)	142,945.48
Accrued expenses	9,679.15	3,068.03
Deferred compensation	12,332.34	11,499.78
	430,252.24	188,901.18
Cash Flows From Investing Activities		
Proceeds from sale of investments	716,800.00	293,261.82
Purchase of investments	(936,262.68)	(466,078.59)
Purchase of intangible assets	(17,305.17)	0.00
Purchase of property and equipment	(216,329.36)	(30,422.50)
	(453,097.21)	(203,239.27)
Cash Flows From Financing Activities		
Repayment of debt instruments	(49,217.43)	0.00
Proceeds from increase in debt instruments	200,000.00	49,217.43
	150,782.57	49,217.43
Net Cash Provided (Used) by Financing Activities		
	127,937.60	34,879.34
Net Increase (Decrease) in Cash and Cash Equivalents		
	264,909.78	230,030.44
Cash and Cash Equivalents, beginning of year		
	\$ 392,847.38	\$ 264,909.78
Cash and Cash Equivalents, end of year		

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

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature and Purpose of the Foundation

The American Chestnut Foundation (TACF) is a not-for-profit organization. TACF conducts research on the American chestnut tree to find a control for the disease chestnut blight. Most research activities are conducted on the Foundation's research farms in Meadowview, Virginia. TACF's main office is located in Bennington, Vermont. The office provides administrative functions and educational information to members and the general public to create interest in the preservation of the American chestnut tree. The organization maintains a satellite office in Asheville, North Carolina. This office is primarily involved in membership development activities and regional science coordination.

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management estimates all amounts to be fully collectible. Management discounts promises to give in excess of one year to their fair values.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Inventory

Inventory consists of seed kits, coffee cups, clothing, and other chestnut related merchandise. Inventory is valued at the lower of cost or market on a first-in, first-out basis.

Property and Equipment

TACF follows the practice of capitalizing all major expenditures for and donations of property, furniture, and fixtures over \$500.00. Depreciation or amortization of all such items is computed on a straight-line, double declining, or 150% declining balance method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 or 7 years
Vehicles	5 years
Leasehold Improvements	39 years

The basis of valuation of fixed assets is cost if purchased or fair market value if donated. Donated assets are recorded as unrestricted unless otherwise stated by the donor. Restricted assets are released from restriction when the asset has been put into service for the intended use.

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Contributions are recognized when the donor makes a promise to give to TACF that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expenses

TACF separates expenses between functional classifications, which are Program Services, Management and General, and Fundraising.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Financial Information

Prior year financial information is not a complete presentation in conformity with generally accepted accounting principles.

NOTE 2 – ACCOUNTS RECEIVABLE

The Foundation has the following in accounts receivable:

	June 30, <u>2007</u>	June 30, <u>2006</u>
Promises to be received in less than one year	\$ 187,184.00	\$441,534.00
Promise to be received in one to five years	<u>0.00</u>	<u>188,000.00</u>
	\$ 187,184.00	\$629,534.00
Less unamortized discount	<u>4,370.50</u>	<u>20,514.27</u>
Net accounts receivable	<u>\$ 182,813.50</u>	<u>\$609,019.73</u>

The Foundation does not require or have access to the collateral to support these receivables. The promise to be received in one to five years is discounted at 4.875%.

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 3 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2007 and June 30, 2006.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>June 30, 2007</u>				
Cost	\$ 1,023,643.68	\$ 179,722.70	\$ 126,449.06	\$1,329,815.04
Fair Value	\$ 1,033,700.31	\$ 216,437.90	\$ 134,975.11	\$1,385,113.32
Carrying Value	\$ 1,033,700.31	\$ 216,437.90	\$ 134,975.11	\$1,385,113.32
<u>June 30, 2006</u>				
Cost	\$ 711,458.76	\$ 185,000.00	\$ 101,584.33	\$ 998,001.09
Fair Value	\$ 784,050.60	\$ 180,212.45	\$ 113,324.50	\$1,077,587.55
Carrying Value	\$ 784,050.60	\$ 180,212.45	\$ 113,324.50	\$1,077,587.55

The following is a summary of the nature and carrying amounts of the Foundation's groups of investments as of June 30, 2007:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<u>Unrestricted Investments</u>			
Merrill Lynch – Operating Account Equities	\$ 73.33	\$ 68.58	\$ 68.58
Pershing Account			
Equities	85,426.92	74,369.00	74,369.00
Mutual Funds	118,416.47	125,541.13	125,541.13
Treasury Bills	<u>140,583.35</u>	<u>140,606.61</u>	<u>140,606.61</u>
Total Pershing	\$ <u>344,426.74</u>	\$ <u>340,516.74</u>	\$ <u>340,516.74</u>
Merrill Lynch – Deferred Compensation			
Mutual Funds	\$ <u>199,667.00</u>	\$ <u>219,241.66</u>	\$ <u>219,241.66</u>
Merrill Lynch – Price Account	\$ <u>12,584.81</u>	\$ <u>12,584.51</u>	\$ <u>12,584.51</u>
Vanguard Investment Account	\$ <u>466,891.40</u>	\$ <u>461,238.52</u>	\$ <u>461,238.52</u>
Total Unrestricted Investments	<u>\$1,023,643.28</u>	<u>\$1,033,700.31</u>	<u>\$1,033,700.31</u>
<u>Temporarily Restricted Investments</u>			
Merrill Lynch – Price Account Equities	\$ <u>179,722.70</u>	\$ <u>216,437.90</u>	\$ <u>216,437.90</u>
<u>Permanently Restricted Investments</u>			
Merrill Lynch – Price Account Equities	\$ <u>126,449.06</u>	\$ <u>134,975.11</u>	\$ <u>134,975.11</u>
Total all Investments	<u>\$1,329,815.04</u>	<u>\$1,385,113.32</u>	<u>\$1,385,113.32</u>

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 3 – INVESTMENTS (Continued)

The following schedule summarizes investment return and its classification in the Statements of Activities for the years ended June 30, 2007 and June 30, 2006.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>June 30, 2007</u>				
Interest	\$ 3,756.11	\$ 907.96	\$ 0.00	\$ 4,664.07
Dividends	30,743.17	5,991.09	0.00	36,743.26
Net Realized gain (loss)	70,620.43	0.00	0.00	70,620.43
Net Unrealized gain (loss)	<u>30,137.03</u>	<u>36,715.20</u>	<u>21,160.86</u>	<u>88,013.09</u>
Total	<u>\$ 135,256.74</u>	<u>\$ 43,614.25</u>	<u>\$ 21,160.86</u>	<u>\$ 200,031.85</u>
<u>June 30, 2006</u>				
Interest	\$ 6,278.28	\$ 110.69	\$ 0.00	\$ 6,388.97
Dividends	18,907.82	4,688.48	0.00	23,596.30
Realized gain (loss)	12,870.32	0.00	0.00	12,870.32
Unrealized gain (loss)	<u>72,591.84</u>	<u>(4,787.55)</u>	<u>11,782.17</u>	<u>79,586.46</u>
Total	<u>\$ 110,648.26</u>	<u>\$ 11.62</u>	<u>\$ 11,782.17</u>	<u>\$ 122,442.05</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2007 and June 30, 2006 consisted of the following:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Land	\$ 670,863.56	\$ 467,766.22
Land improvements	122,980.77	122,980.77
Leasehold improvements	13,779.24	13,779.24
Farm equipment	240,252.39	232,250.04
Office equipment	<u>79,302.97</u>	<u>74,073.30</u>
	1,127,178.93	910,849.57
Accumulated depreciation	<u>(324,488.52)</u>	<u>(289,149.25)</u>
Net Property and Equipment	<u>\$ 802,690.41</u>	<u>\$ 621,700.32</u>

Depreciation expense was \$35,339.27 and \$34,269.79 for the year ended June 30, 2007 and for the year ended June 30, 2006, respectively.

Land with a cost of \$200,000.00 is pledged as collateral for the note payable.

NOTE 5- MARGIN LOAN PAYABLE

The Foundation had a margin loan as of June 30, 2006, collateralized by unrestricted investments. The Foundation used the margin loan to provide short term liquidity in its operating accounts until investments could be liquidated to repay the margin loan.

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 6 – DEFERRED COMPENSATION

The Foundation entered into a deferred compensation agreement with its Executive Director in July 2003. The Executive Director will receive non-forfeitable compensation of \$70,000 per year for the years 2008 through and including 2010. The amount reported in the financial statements represents the present value of the \$70,000 for three years discounted using a 7% interest rate. The Foundation has set aside investments to satisfy this obligation.

NOTE 7 – NOTE PAYABLE

The Foundation has the following note payable:

Note payable to bank in annual principal installments of \$10,000.00 plus interest at 7.25%, with a balloon payment due November 2009, collateralized by real estate.	\$200,000.00
Less current portion	<u>10,000.00</u>
Long term portion	<u>\$190,000.00</u>

Five year debt service is as follows:

Year ending June 30, 2008	\$ 10,000.00
Year ending June 30, 2009	10,000.00
Year ending June 30, 2010	<u>180,000.00</u>
Total debt service	<u>\$200,000.00</u>

NOTE 8 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30, <u>2007</u>	June 30, <u>2006</u>
Other	\$ 26,050.00	\$ 567.69
Multi-purpose building on Meadowview Farm	219,473.37	180,656.84
New England Regional Science Coordinator & Meadowview Farm Technician	<u>105,629.50</u>	<u>307,056.76</u>
Total	<u>\$ 351,152.87</u>	<u>\$ 488,281.29</u>

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

	June 30, <u>2007</u>	June 30, <u>2006</u>
Operation of the Meadowview, Virginia research farm	<u>\$ 136,541.88</u>	<u>\$ 115,381.02</u>

NOTE 10 – CONCENTRATIONS

At times, TACF maintains deposits in excess of the FDIC and SIPC insured limits. Deposits exceeded FDIC/SIPC limits by \$73,693.71 and \$81,244.10 as of June 30, 2007 and June 30, 2006 respectively.

The Foundation received 84% of its contributions from sixteen contributors in the year ended June 30, 2007. For the year ended June 30, 2006, TACF received 99% of its contributions from ten donors.

NOTE 11 – LEASE AGREEMENTS

In 1989, the Foundation entered into a thirty-year lease agreement for one of its research farms in Meadowview, Virginia. The lease provides for an annual rental of \$3,600.00. The lease also grants the Foundation the option to purchase the property at any time after the first twenty years of the lease at the fair market value to be determined at the time the option is exercised.

In 2005, the Foundation entered into a two-year lease agreement for its Bennington, Vermont office. The lease requires monthly rent of \$1,200.00. This lease was extended for another three years to August 2010.

In 2000, the Foundation entered into a ten-year lease agreement for land in West Salem, Wisconsin. The lease requires a yearly rent payment of \$5,000.00.

In 2001, the Foundation entered into a nine-year lease agreement for additional land in West Salem, Wisconsin. The lease requires a yearly rent payment of \$3,520.00.

In 2005, the Foundation exercised its option to renew its lease agreement for the Asheville office through May 31, 2008. Effective June 1, 2006, the lease provides for a monthly rental payment of \$1,125.51. The lease payments increase at an annual rate of 3%.

Future minimum lease payments for the next five years are as follows:

June 30, 2008	42,721.67
June 30, 2009	28,388.28
June 30, 2010	24,128.28
June 30, 2011	6,467.07
June 30, 2012	3,600.00
Thereafter	<u>25,200.00</u>
Total	<u>\$ 130,505.30</u>

Rent expense for the years ended June 30, 2007, and 2006 were \$50,016.86 and \$49,234.12, respectively.

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2007 and June 30, 2006

NOTE 12 – RETIREMENT PLAN

In 2003, the Foundation entered into a defined contribution plan that operates under Section 403(b) of the Internal Revenue Code (IRC). TACF incurred costs of \$20,804.24 and \$10,000.00 for the years ended June 30, 2007 and 2006, respectively.

NOTE 13 – CONTRIBUTED SERVICES

The Foundation received contributed services in the amounts of \$264,100.00 and \$243,800.00 for the years ended June 30, 2007 and 2006, respectively, to further the professional and scientific research of the Foundation.

NOTE 14 – CONDITIONAL PROMISES TO GIVE

The Foundation has received conditional promises to give which are not recorded in the financial statements as the conditions have not been fulfilled. The conditional promises to give are in the following category:

Grants for research	\$ 153,733.00
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NOTE 15 – JOINT COST ALLOCATION

The Foundation publishes a quarterly newsletter to educate the members and the general public about the Foundation's mission and activities in fulfillment of the mission. The publication also serves to raise contributions for the Foundation. The Foundation has allocated the following costs to fundraising expenses in connection with this activity:

Salaries and wages	\$ 369.38
Payroll taxes	34.50
Printing and publication	2,110.95
Postage	<u>1,000.00</u>
Total	<u>\$3,514.83</u>

See independent auditors' report.