

The American Chestnut Foundation

Financial Statements

**For the Year Ended June 30, 2008 with Summarized
Financial Information for the Year Ended June 30, 2007**

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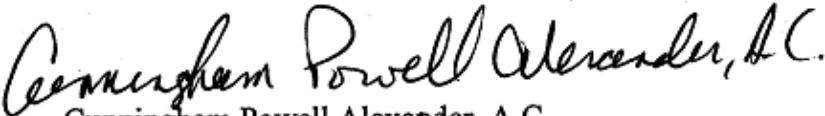
Independent Auditors' Report

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

We have audited the accompanying statements of financial position of The American Chestnut Foundation (a not-for-profit organization) as of June 30, 2008, 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, 2007, financial statements and, in our report dated November 30, 2007, 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, 2008, 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 Alexander, A.C.
Certified Public Accountants

Morgantown, West Virginia
November 20, 2008

The American Chestnut Foundation
 Statements of Financial Position
 June 30, 2008 and June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2008	June 30, 2007	Summarized
						Financial Information as of
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 794,109.76	\$ 257,316.70	\$ 56,828.88	\$ 1,108,255.34	\$	392,847.38
Accounts receivable	244,794.00	0.00	0.00	244,794.00		182,813.50
Interest and dividends receivable	0.00	0.00	0.00	0.00		0.00
Inventory	105,966.74	0.00	0.00	105,966.74		22,986.21
Prepays and deposits	6,939.83	0.00	0.00	6,939.83		24,518.22
Total Current Assets	1,151,810.33	257,316.70	56,828.88	1,465,955.91		623,165.31
Property and Equipment						
Property and equipment - cost	1,199,560.40	0.00	0.00	1,199,560.40		1,127,178.93
Accumulated depreciation	(343,249.11)	0.00	0.00	(343,249.11)		(324,488.52)
Total Property and Equipment	856,311.29	0.00	0.00	856,311.29		802,690.41
Other Assets						
Investments	1,067,305.54	194,606.20	89,880.00	1,351,791.74		1,385,113.32
Accounts receivable	0.00	0.00	0.00	0.00		0.00
Intangible assets, net	16,494.46	0.00	0.00	16,494.46		24,936.91
Total Other Assets	1,083,800.00	194,606.20	89,880.00	1,368,286.20		1,410,050.23
Total Assets	\$ 3,091,921.62	\$ 451,922.90	\$ 146,708.88	\$ 3,690,553.40		\$ 2,835,905.95

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

The American Chestnut Foundation
 Statements of Financial Position
 June 30, 2008 and June 30, 2007

	Summarized Financial Information as of		
	Unrestricted	Temporarily Restricted	Permanently Restricted
	June 30, 2008	June 30, 2007	June 30, 2007
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 62,284.99	\$ 0.00	\$ 18,232.76
Accrued expenses	13,355.38	0.00	15,552.49
Current portion note payable	27,500.02	0.00	10,000.00
Margin loan payable	0.00	0.00	0.00
Total Current Liabilities	103,140.39	0.00	43,785.25
Non Current Liabilities			
Note payable	180,000.00	0.00	190,000.00
Deferred compensation agreement	213,951.26	0.00	182,671.12
Total Non Current Liabilities	393,951.26	0.00	372,671.12
Total Liabilities	497,091.65	0.00	416,456.37
Net Assets			
Unrestricted	2,594,829.97	0.00	1,931,754.83
Temporarily restricted	0.00	451,922.90	351,152.87
Permanently restricted	0.00	146,708.88	136,541.88
Total Net Assets	2,594,829.97	451,922.90	2,419,449.58
Total Liabilities and Net Assets	\$ 3,091,921.62	\$ 451,922.90	\$ 2,835,905.95

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, 2008 and June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2008	Summarized Financial Information as of June 30, 2007
Public Support and Revenue					
Contributions and grants	\$ 1,547,964.79	\$ 819,273.30	\$ 0.00	\$ 2,367,238.09	\$ 1,167,350.11
Membership dues	364,812.64	0.00	0.00	364,812.64	295,743.95
Investment return	(88,316.66)	28,064.72	10,167.00	(50,084.94)	200,031.85
Merchandise sales					
(net of cost of \$52,547.61 and \$16,635.62)	23,347.74	0.00	0.00	23,347.74	13,803.41
Contributed services	279,000.00	0.00	0.00	279,000.00	264,100.00
Other support and revenue	2,868.01	0.00	0.00	2,868.01	50.00
Net assets released from restriction	746,567.99	(746,567.99)	0.00	0.00	0.00
Total Public Support and Revenue	<u>2,876,244.51</u>	<u>100,770.03</u>	<u>10,167.00</u>	<u>2,987,181.54</u>	<u>1,941,079.32</u>
Expenses					
Program services	1,787,260.49	0.00	0.00	1,787,260.49	1,483,892.37
Management and general	350,711.06	0.00	0.00	350,711.06	223,296.68
Fundraising	75,197.82	0.00	0.00	75,197.82	49,985.36
Total Expenses	<u>2,213,169.37</u>	<u>0.00</u>	<u>0.00</u>	<u>2,213,169.37</u>	<u>1,757,174.41</u>
Change in Net Assets	<u>663,075.14</u>	<u>100,770.03</u>	<u>10,167.00</u>	<u>774,012.17</u>	<u>183,904.91</u>
Transfers	0.00	0.00	0.00	0.00	0.00
Net Assets, beginning of year	<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>
Net Assets, end of year	<u>\$ 2,594,829.97</u>	<u>\$ 451,922.90</u>	<u>\$ 146,708.88</u>	<u>\$ 3,193,461.75</u>	<u>\$ 2,419,449.58</u>

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

The American Chestnut Foundation
 Details of Expenses
 For the Years Ended June 30, 2008 and June 30, 2007

	Management			Fundraising	June 30, 2008	Summarized Financial Information as of June 30, 2007
	Program Service	and General				
Grants to others	\$ 110,410.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 110,410.00	\$ 80,248.65
Direct program expenses	287,556.72	76,151.00		7,294.53	371,002.25	296,361.54
Educational research project	106,284.08	0.00		0.00	106,284.08	107,116.05
Salaries and wages	529,642.99	146,135.07		12,500.04	688,278.10	616,010.60
Retirement	17,933.46	6,833.30		2,250.03	27,016.79	20,804.24
Other employee benefits	51,078.16	7,837.52		0.00	58,915.68	64,588.82
Payroll taxes	61,314.17	7,540.96		101.31	68,956.44	57,549.23
Accounting fees	0.00	45,427.72		0.00	45,427.72	36,100.46
Legal fees	18,667.00	1,333.00		0.00	20,000.00	20,000.00
Supplies	26,713.96	6,367.30		2,724.01	35,805.27	19,742.11
Telephone	14,453.07	3,437.84		690.53	18,581.44	14,997.52
Postage and shipping	64,542.32	3,511.58		13,937.27	81,991.17	15,735.26
Occupancy	47,576.92	9,181.27		1,605.88	58,364.07	54,980.16
Equipment rental and maintenance	45,503.89	0.00		0.00	45,503.89	45,567.83
Printing and publications	54,195.95	609.00		21,761.95	76,566.90	63,101.82
Travel	16,107.74	4,470.72		5,815.96	26,394.42	12,592.31
Conferences, conventions and meetings	102,738.31	0.00		0.00	102,738.31	48,823.09
Interest expense	14,311.71	0.00		0.00	14,311.71	8,477.04
Depreciation	44,105.79	1,149.40		0.00	45,255.19	35,339.27
State chapter dues	81,648.03	0.00		0.00	81,648.03	62,879.22
Contract labor	2,157.00	719.00		0.00	2,876.00	1,198.00
Deferred compensation	29,268.10	14,634.04		4,878.02	48,780.16	12,332.34
Other expenses	61,051.12	15,372.34		1,638.29	78,061.75	62,628.85
Total Expenses	\$ 1,787,260.49	\$ 350,711.06	\$ 75,197.82	\$ 2,213,169.37	\$ 1,757,174.41	

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, 2008 and June 30, 2007

Cash Flows From Operating Activities	June 30, 2008	June 30, 2007
Change in net assets	\$ 774,012.17	183,904.91
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	45,255.19	35,339.27
Donated property and equipment		-
Unrealized loss (gain) on investments	92,838.91	(88,063.09)
(Increase) decrease in:		
Accounts receivable	(61,980.50)	426,206.23
Interest and dividends receivable	0.00	252.46
Inventory	16,005.89	(3,020.38)
Prepays and deposits	17,578.39	1,350.28
Increase (decrease) in:		
Accounts payable	44,052.23	(147,728.93)
Accrued expenses	(2,197.11)	9,679.15
Deferred compensation	48,780.16	12,332.34
	974,345.33	430,252.24
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
Proceeds from sale of investments	1,970,947.50	716,800.00
Purchase of investments	(2,030,464.83)	(936,262.68)
Purchase of intangible assets	(90,543.97)	(17,305.17)
Purchase of property and equipment	(98,876.07)	(216,329.36)
	(248,937.37)	(453,097.21)
Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities		
Repayment of debt instruments	(10,000.00)	(49,217.43)
Proceeds from increase in debt instruments	0.00	200,000.00
	(10,000.00)	150,782.57
Net Cash Provided (Used) by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	715,407.96	127,937.60
Cash and Cash Equivalents, beginning of year	392,847.38	264,909.78
Cash and Cash Equivalents, end of year	\$ 1,108,255.34	392,847.38
Supplemental Cash Flow Information		
Reclassification of Intangibles to Inventory	98,986.42	-
Interest Expense	14,311.71	8,477.04

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

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2008 and June 30, 2007

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, 2008 and June 30, 2007

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 asset 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. Shipping and handling costs are expensed when occurred.

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>2008</u>	June 30, <u>2007</u>
Promises to be received in less than one year	\$ 244,794.00	\$187,184.00
Promise to be received in one to five years	<u>0.00</u>	<u>0.00</u>
	244,794.00	187,184.00
Less unamortized discount	<u>0.00</u>	<u>4,370.50</u>
Net accounts receivable	<u>\$ 244,794.00</u>	<u>\$182,813.50</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, 2008 and June 30, 2007

NOTE 3 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2008 and June 30, 2007.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>June 30, 2008</u>				
Cost	\$ 1,128,415.75	\$ 216,437.90	\$ 100,047.00	\$1,444,630.65
Fair Value	\$ 1,067,305.54	\$ 194,606.20	\$ 89,880.00	\$1,351,791.74
Carrying Value	\$ 1,067,305.54	\$ 194,606.20	\$ 89,880.00	\$1,351,791.74
<u>June 30, 2007</u>				
Cost	\$ 1,023,643.68	\$ 179,772.70	\$ 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	\$ 134,975.00	\$1,385,113.32

The following is a summary of the nature and carrying amounts of the Foundation's groups of investments as of June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<u>Unrestricted Investments</u>			
Merrill Lynch – Operating Account Equities	\$ <u>1,627.92</u>	\$ <u>1,394.88</u>	\$ <u>1,394.88</u>
Pershing Account Equities	73,716.67	81,418.78	81,418.78
Mutual Funds	64,270.00	91,400.00	91,400.00
Treasury Bills	<u>211,929.32</u>	<u>211,915.83</u>	<u>211,915.83</u>
Total Pershing	<u>349,915.99</u>	<u>384,734.61</u>	<u>384,734.61</u>
Merrill Lynch – Deferred Compensation Mutual Funds	<u>297,440.58</u>	<u>258,458.92</u>	<u>258,458.92</u>
Vanguard Investment Account	<u>479,161.26</u>	<u>422,717.13</u>	<u>422,717.13</u>
Total Unrestricted Investments	<u>1,128,145.75</u>	<u>1,067,305.54</u>	<u>1,067,305.54</u>
<u>Temporarily Restricted Investments</u>			
Merrill Lynch – Price Account Equities	<u>216,437.90</u>	<u>194,606.20</u>	<u>194,606.20</u>
<u>Permanently Restricted Investments</u>			
Merrill Lynch – Price Account Equities	<u>100,047.00</u>	<u>89,880.00</u>	<u>89,880.00</u>
Total All Investments	<u>\$1,444,630.65</u>	<u>\$1,351,791.74</u>	<u>\$1,351,791.74</u>

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2008 and June 30, 2007

NOTE 3 – INVESTMENTS (Continued)

The following schedule summarizes investment return and its classification in the Statement of Activities year ended June 30, 2008 and for the year ended June 30, 2007.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>June 30, 2008</u>				
Interest	\$ 181.88	\$ 1,225.62	\$ 0.00	\$ 1,407.50
Dividends	48,411.64	5,007.40	0.00	53,419.04
Net Realized gain (loss)	(12,072.57)	0.00	0.00	(12,072.57)
Net Unrealized gain (loss)	<u>(60,840.21)</u>	<u>(21,831.70)</u>	<u>(10,167.00)</u>	<u>(92,838.91)</u>
Total	<u>\$ (24,319.26)</u>	<u>\$ (15,598.68)</u>	<u>\$ (10,167.00)</u>	<u>\$ (50,084.94)</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
Realized gain (loss)	70,620.43	0.00	0.00	70,620.43
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>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 and June 30, 2007 consisted of the following:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Land	\$ 670,863.56	\$ 670,863.56
Land improvements	122,980.77	122,980.77
Leasehold improvements	13,779.24	13,779.24
Farm equipment	329,623.90	240,252.39
Office equipment	<u>62,312.93</u>	<u>79,302.97</u>
	1,199,560.40	1,127,178.93
Accumulated depreciation	<u>(343,249.11)</u>	<u>(324,488.52)</u>
Net Property and Equipment	<u>\$ 856,311.29</u>	<u>\$ 802,690.41</u>

Depreciation expense was \$45,255.19 and \$35,339.27 for the year ended June 30, 2008 and for the year ended June 30, 2007 respectively.

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

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2008 and June 30, 2007

NOTE 5 – DEFERRED COMPENSATION

The Foundation entered into a deferred compensation agreement with its President and CEO in July 2003. The President will receive non-forfeitable compensation of \$70,000 per year starting in 2009 through and including 2013. 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 6 – 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.	\$190,000.00
Less current portion	<u>10,000.00</u>
Long term portion	\$ <u>180,000.00</u>

Five year debt service is as follows:

Year ending June 30, 2009	\$ 10,000.00
Year ending June 30, 2010	<u>180,000.00</u>
Total debt service	\$ <u>190,000.00</u>

NOTE 7 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30, <u>2008</u>	June 30, <u>2007</u>
Other	\$ 210,617.83	\$ 26,050.00
Multi-purpose building on Meadowview Farm	241,305.07	219,473.37
New England Regional Science Coordinator & Meadowview Farm Technician	<u>96,083.40</u>	<u>105,629.50</u>
Total	<u>\$ 451,922.90</u>	<u>\$ 351,152.87</u>

See independent auditors' report.

The American Chestnut Foundation
Notes to Financial Statements
June 30, 2008 and June 30, 2007

NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

	June 30, <u>2008</u>	June 30, <u>2007</u>
Operation of the Meadowview, Virginia research farm	<u>\$ 146,708.88</u>	<u>\$ 136,541.88</u>

NOTE 9 – CONCENTRATIONS

At times, TACF maintains deposits in excess of the FDIC and SIPC insured limits. Deposits exceeded FDIC/SIPC limits of \$100,000.00 by \$1,085,345.34 and \$183,831.81 as of June 30, 2008 and June 30, 2007 respectively. Effective October 3, 2008 FDIC limits have been increased to \$250,000 for depository accounts.

The Foundation received 77% of its contributions from four contributors in the year ended June 30, 2008. For the year ended June 30, 2007, TACF received 84% of its contributions from sixteen donors.

NOTE 10 – 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%. Effective June 1, 2008 the lease was renewed for a six month period ending December 31, 2008 with a monthly payment of 1194.06.

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

June 30, 2009	33,152.64
June 30, 2010	24,128.28
June 30, 2011	6,467.07
June 30, 2012	3,600.00
June 30, 2013	3,600.00
Thereafter	<u>21,600.00</u>
Total	<u>\$ 92,547.99</u>

Rent expense for the years ended June 30, 2008, and 2007 were \$51,331.71 and \$50,016.86, respectively.

See independent auditors' report.

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NOTE 11 – 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 \$27,016.79 and \$20,804.24 for the years ended June 30, 2008 and 2007, respectively.

NOTE 12 – CONTRIBUTED SERVICES

The Foundation received contributed services in the amounts of \$273,100.00 and \$264,100.00 for the years ended June 30, 2008 and 2007, respectively, to further the professional and scientific research of the Foundation.

NOTE 13 – 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 categories:

	<u>2008</u>	<u>2007</u>
Grants for research	\$ 131,837.00	\$ 153,733.00

NOTE 14 – 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	\$ 1,940.45
Payroll taxes	296.89
Printing and publication	3,537.69
Postage	<u>447.23</u>
Total	\$ <u>3,514.83</u>

NOTE 15 – INTANGIBLE ASSETS

Intangible assets are comprised of

	<u>2008</u>	<u>2007</u>
Trademark	\$ 972.75	\$ 972.75
Patent	15,521.71	10,866.49
Anthology	<u>0.00</u>	<u>13,097.67</u>
	\$ <u>16,494.46</u>	\$ <u>24,936.91</u>

See independent auditors' report.

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NOTE 16 – SUBSEQUENT EVENTS

As of the December 15, 2008 TACF's investment accounts have declined approximately 26% in value.

See independent auditors' report.