

To: the Management Board of Muhammad Subuh Foundation

## Auditor's report

We have audited the accompanying financial statements 2009 of Muhammad Subuh Foundation, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Netherlands. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Muhammad Subuh Foundation as at December 31, 2009 and of its result for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

Rotterdam, October 26, 2010

Ernst & Young Accountants LLP

signed by W.E. Paardekooper

**THE MUHAMMAD SUBUH FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009 AND 2008**

**THE MUHAMMAD SUBUH FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2009 AND 2008**  
**(U.S. DOLLARS)**

ASSETS

	<u>2009</u>	<u>2008</u>
Cash Available for Current Use (NOTE 2)	\$ 1,500,332	\$ 1,296,802
Accounts Receivable & Prepayments	\$ 54,645	\$ 98,614
Investments (NOTE 3)	\$ 1,652,537	\$ 1,091,695
Notes Receivable Long Term (NOTE 6)	\$ 270,546	\$ 266,518
Notes Receivable from Subud Organisations (NOTE 11)	\$ 82,700	\$ 44,825
Land and Buildings Net of Accumulated Depreciation (NOTE 1)	\$ 148,647	\$ 161,561
<u>TOTAL ASSETS</u>	<u>\$ 3,709,407</u>	<u>\$ 2,960,015</u>

LIABILITIES AND NET ASSETS

Liabilities

Loans from Trustees (NOTE 9)	\$ 15,000	\$ 15,000
Euro loan (NOTE 10)	\$ 97,920	\$ 95,200
Distributable Grants	\$ 16,285	\$ -
Accounts payable	\$ 76,185	\$ 31,697
<u>Total Liabilities</u>	<u>\$ 205,390</u>	<u>\$ 141,897</u>

Net Assets

Unrestricted - Capital Use Fund	\$ 2,331,462	\$ 1,073,888
Unrestricted - Designated as Capital Preservation Fund (NOTE 5)	\$ -	\$ 793,837
Unrestricted - Designated as Youth Support Fund	\$ 11,000	\$ 11,000
Total Unrestricted Net Assets	\$ 2,342,462	\$ 1,878,725
Temporarily Restricted (NOTE 4)	\$ 264,032	\$ 261,160
Permanently Restricted - Permanent capital Fund (NOTE 4)	\$ 897,523	\$ 678,233
<u>Total Net Assets</u>	<u>\$ 3,504,017</u>	<u>\$ 2,818,118</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,709,407</u>	<u>\$ 2,960,015</u>

**THE MUHAMMAD SUBUH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008.**  
**(U.S. Dollars)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009
	<u>2009</u>	<u>2009</u>	<u>2009</u>	
<u>Support and Revenue</u>				
Contributions from Subud Members	\$ 122,213	\$ 78,605	\$ 900	\$ 201,718
Contributions from Enterprises	\$ -		\$ -	\$ -
Grants	\$ -		\$ -	\$ -
Legacies & Bequests	\$ 40,791	\$ -	\$ -	\$ 40,791
Dividends and Realized Gains	\$ 47,718	\$ -	\$ 1,406	\$ 49,124
Interest Revenue	\$ 13,110	\$ -	\$ 1,728	\$ 14,838
Miscellaneous	\$ -	\$ -		\$ -
	<u>\$ 223,832</u>	<u>\$ 78,605</u>	<u>\$ 4,034</u>	<u>\$ 306,471</u>
<u>Net Assets Released from Restrictions</u>	<u>\$ 87,895</u>	<u>\$ -87,895</u>	<u>\$ -</u>	<u>\$ -</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>\$ 311,727</u>	<u>\$ -9,290</u>	<u>\$ 4,034</u>	<u>\$ 306,471</u>
<u>Expenses</u>				
<u>Programs:</u>				
Grants for Subudhouses	\$ 44,000	\$ -	\$ -	\$ 44,000
Grants to World Subud Association	\$ 50,603	\$ -	\$ -	\$ 50,603
Grants - Other	\$ 97,466	\$ -	\$ -	\$ 97,466
Depreciation Expense on Long-Term Assets	\$ 5,475	\$ -	\$ -	\$ 5,475
Total Program Expenses	<u>\$ 197,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,544</u>
Management and General (see Schedule)	<u>\$ 49,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,255</u>
<u>Total Expenses</u>	<u>\$ 246,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,799</u>
				\$ -
				\$ -
<u>Other Gains/Losses</u>				
Unrealized (Gain)/Loss on Investments (NOTE 3)	\$ -337,730	\$ -12,162	\$ -210,951	\$ -560,843
(Gains)/Losses on Currency differences	\$ -74,937	\$ -	\$ -3,250	\$ -78,187
Other (Gains)/Losses	\$ 13,858	\$ -	\$ -1,055	\$ 12,803
<u>TOTAL EXPENSES AND LOSSES</u>	<u>\$ -152,010</u>	<u>\$ -12,162</u>	<u>\$ -215,256</u>	<u>\$ -379,428</u>
Change in Net Assets	\$ 463,737	\$ 2,872	\$ 219,290	\$ 685,899
Net assets - Beginning of Period	\$ 1,878,725	\$ 261,160	\$ 678,233	\$ 2,818,118
Net Assets - End of Period	\$ 2,342,462	\$ 264,032	\$ 897,523	\$ 3,504,017

**THE MUHAMMAD SUBUH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008.**  
**(U.S. Dollars)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008
	<u>2008</u>	<u>2008</u>	<u>2008</u>	
<u>Support and Revenue</u>				
Contributions from Subud Members	\$ 103,325	\$ 95,893	\$ 9,430	\$ 208,648
Contributions from Enterprises	\$ -		\$ -	\$ -
Grants	\$ -		\$ -	\$ -
Legacies & Bequests	\$ -	\$ -	\$ -	\$ -
Dividends and Realized Gains	\$ 67,017	\$ -31,913	\$ 2,105	\$ 37,209
Interest Revenue	\$ 14,972	\$ -	\$ 4,185	\$ 19,157
Miscellaneous	\$ 219	\$ -		\$ 219
	<u>\$ 185,533</u>	<u>\$ 63,980</u>	<u>\$ 15,720</u>	<u>\$ 265,233</u>
<u>Net Assets Released from Restrictions</u>	<u>\$ 154,786</u>	<u>\$ -154,786</u>	<u>\$ -</u>	<u>\$ -</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>\$ 340,319</u>	<u>\$ -90,806</u>	<u>\$ 15,720</u>	<u>\$ 265,233</u>
<u>Expenses</u>				
<u>Programs:</u>				
Grants for Subudhouses	\$ 80,066	\$ -	\$ -	\$ 80,066
Grants to World Subud Association	\$ 66,978	\$ -	\$ -	\$ 66,978
Grants - Other	\$ 49,342	\$ -	\$ -	\$ 49,342
Depreciation Expense on Long-Term Assets	\$ 6,715	\$ -	\$ -	\$ 6,715
Total Program Expenses	<u>\$ 203,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,101</u>
Management and General (see Schedule)	<u>\$ 38,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,425</u>
<u>Total Expenses</u>	<u>\$ 241,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,526</u>
				\$ -
				\$ -
<u>Other Gains/Losses</u>				
Unrealized (Gain)/Loss on Investments (NOTE 3)	\$ 966,316		\$ 283,217	\$ 1,249,533
(Gains)/Losses on Currency differences	\$ 18,957	\$ -	\$ -	\$ 18,957
Other (Gains)/Losses	\$ -	\$ -	\$ -	\$ -
<u>TOTAL EXPENSES AND LOSSES</u>	<u>\$ 1,226,799</u>	<u>\$ -</u>	<u>\$ 283,217</u>	<u>\$ 1,510,016</u>
Change in Net Assets	\$ -886,480	\$ -90,806	\$ -267,497	\$ -1,244,783
Net assets - Beginning of Period	\$ 2,765,205	\$ 351,966	\$ 945,730	\$ 4,062,901
Net Assets - End of Period	\$ 1,878,725	\$ 261,160	\$ 678,233	\$ 2,818,118

**THE MUHAMMAD SUBUH FOUNDATION  
SUPPORTING SCHEDULES OF MANAGEMENT  
AND GENERAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31,  
2009 AND 2008  
(U.S. Dollars)**

	Unrestricted <u>2009</u>	Unrestricted <u>2008</u>
<u>Management and General Expenses</u>		
Fees, Remunerations	\$ 16,500	\$ 6,250
Trustee Meeting Expenses	\$ 10,714	\$ 19,879
Office Supplies and Expense	\$ 8,316	\$ 2,949
Audit Services	\$ 8,239	\$ 5,795
Legal Fees	\$ 320	\$ 726
Insurance	\$ 1,834	\$ -
Bank Service Charges	\$ 2,453	\$ 1,746
Credit Card Service	\$ 879	\$ 1,080
	<hr/>	<hr/>
TOTAL	\$ 49,255	\$ 38,425

**THE MUHAMMAD SUBUH FOUNDATION**  
**STATEMENTS OF CASH FLOWS FOR THE YEARS**  
**ENDED DECEMBER 31, 2009 AND 2008**  
**(U.S.Dollars)**

	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operating Activities</u>		
(Decrease) / increase in Total Net Assets	\$ 685,899	\$ (1,244,784)
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 5,475	\$ 6,715
Unrealized (Gains)/ Loss on Investments	\$ (560,842)	\$ 1,414,822
Currency Diff. on YMS/Euro Loan	\$ -	\$ -
Decrease in:		
Donated Securities	\$ -	\$ -
Accounts Receivable and Other Assets	\$ 47,380	\$ 57,094
(Decrease) / Increase in:		
Accounts and Notes Payable	\$ 63,493	\$ (63,581)
 Total Adjustments	 <u>\$ (444,494)</u>	 <u>\$ 1,415,050</u>
 Net Cash Used in Operating Activities	 \$ 241,405	 \$ 170,266
 <u>Cash Flows from Investing Activities</u>		
Loan Repayments from Subud Organizations	\$ 16,125	\$ 8,094
De-investment	\$ -	\$ -
Loans to Subud Organizations	<u>\$ (54,000)</u>	<u>\$ (25,000)</u>
 Net Cash Provided by (Used in) investing Activities	 \$ (37,875)	 \$ (16,906)
 Net Increase (Decrease) in Cash and Equivalents	 \$ 203,530	 \$ 153,360
 Cash and Equivalents - Beginning of Year	 \$ 1,296,802	 \$ 1,143,442
Cash and Equivalents - End of Year	<u>\$ 1,500,332</u>	<u>\$ 1,296,802</u>
Net increase in Cash	\$ 203,530	\$ 153,360

**THE MUHAMMAD SUBUH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Organization, Purpose, Affiliation and Tax Status

The Muhammad Subuh Foundation, a non-profit tax-exempt corporation, was organized August 2, 1991, in the State of Virginia, United States of America, by its parent organization, the World Subud Association. The Foundation was created for the purpose of holding long-term assets of its parent organization and for soliciting contributions from public and private sources, whether or not restricted as to manner, amount, or timing, and to apply these funds to any charitable, educational, literary, or scientific purpose jointly approved by the Foundation Trustees and the Directors of the World Subud Association. The principal office of the Foundation is presently located in Rotterdam, Netherlands, and the Trustees reside in the USA, Asia and Europe.

The World Subud Association, a non-profit tax-exempt corporation organized in the District of Columbia, USA, exercises control over the Foundation through its right to appoint and remove Foundation trustees, its right to one ex-officio position on the Foundation's Board of Trustees, and its right to approve the Foundation's annual budget.

Income Taxes.

On July 6, 1992, the Foundation was granted tax-exempt status as a section 501(c)(3) organization and was recognized as a public charity by the United States Internal Revenue Service. Accordingly, no provision has been made for United States federal or state income taxes.

Classification of Net Assets.

Net assets are assets reduced by liabilities and are reported in the financial statements in three classes: unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets, based on the absence or existence of donor-imposed restrictions.

Permanently restricted net assets generally result from long-lived assets donated for a specific purpose with a donor stipulation that the assets be preserved and not be sold, or from assets donated with donor stipulations that they be invested to provide a permanent source of income, e.g. endowment funds.

Temporarily restricted net assets are those assets donated for (a) support of particular operating activities, (b) temporary investment for a specified term, (c) use in a specified future period, or (d) acquisition and use of long-lived assets such as buildings.

Unrestricted net assets (capital use fund) generally result from receipt of unrestricted contributions, grants, interest and dividends, revenues from providing services, raising contributions, and performing administrative functions. The only limitations on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in the articles of incorporation or bylaws, limits from contractual agreements with suppliers and creditors, and self-imposed limits such as voluntary resolutions by the Trustees to designate a portion of its unrestricted net assets to function as an endowment (e.g., the capital preservation fund).

#### Recognition of Income

In 2009 and 2008 contributions were solicited from individual Subud members, businesses, and Subud organizations worldwide and no solicitations were made to the general public. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as income when received and allowances are provided for pledges estimated to be uncollectable.

Cost is recorded in the same period as revenue, other cost and expense is recognised in the period to which it relates.

#### Property and Equipment.

Property is recorded at cost or at estimated fair value at the date of gift, if donated. Maintenance, repairs, and renewals are expensed, and additions and improvements are capitalized. Depreciation is computed on a straight-line basis over the estimated useful life of the asset. Depreciation for long-term assets for the year ended December 31, 2009 amounts to \$ 5,475 (2008: \$ 6,715).

A long standing issue concerning the ownership of the Archive House in Jakarta, Indonesia, has been resolved. The Foundation is not the owner of the Archive House. By consequence the property has been removed from the accounts of the Foundation. and the value of \$ 7,440 at the start of 2009 has been charged to the statement of activities.

Depreciation summary.	Value at	Prior Accum.	Current year	Total accum.	Value
Land & Buildings	Acquisition	Depreciation	depreciation	Depreciation	ult. 2009
Amanecer, Colombia	\$ 238,982	\$ 84,861	\$ 5,475	\$ 90,336	\$ 148,646
Archive House, Indonesia	\$ 31,000	\$ 23,560	\$ 7,440	\$ 31,000	\$ -
	\$ 269,982	\$ 108,421	\$ 12,915	\$ 121,336	\$ 148,646

The Foundation owned no equipment and all operations were carried out using facilities and office equipment owned by individual officers, trustees, or by affiliated organisations.

#### Investments.

The Foundation adopts Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not for Profit Organizations*, in 1996. Under SFAS No. 124, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. For unlisted investments the valuation is based on the net equity value as per the most recent financial data or, if this value is unknown, on the nominal value of the investment.

#### Other assets and liabilities.

All other assets and liabilities are stated at face value.

#### Statement of Cash Flows.

The Foundation considers all cash on hand, demand cash balances, and highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

#### Currency Valuation.

All values presented in the financial statements are stated in United States dollars. Assets and liabilities denominated in foreign currencies are translated into US dollars at year end. Transactions in foreign currencies are translated at the exchange rate in effect at the time of the transaction. The exchange results are recorded under financial income and expense in the income statement.

## NOTE 2 CASH

The Foundation maintains demand deposit bank accounts in US and Dutch banks for operations and a capital fund designated as such by the Trustees. There are no restrictions placed on these cash balances by the respective banks.

Last year the Morgan Stanley portfolio of \$ 947,394 was recorded under "Cash available for current use". Based on reconsidering the content of the portfolio the classification has been changed to "Investments". The comparative figures have been reclassified as well, as per NOTE 3.

### NOTE 3 INVESTMENTS

Equity and debt investments with readily determinable fair values:

	% held	2009			2008		
		Value at Acquisition date	Fair Value	Appreciation (Depreciation)	Value at Acquisition date	Fair Value	Appreciation (Depreciation)
Morgan Stanley portfolio		\$ 1,245,226	\$ 1,331,999	\$ 86,773	\$ 1,245,226	\$ 947,394	\$ (297,832)
Kalimantan Gold Corp.	0	\$ 57,360	\$ 6,701	\$ (50,659)	\$ 57,360	\$ 2,311	\$ (55,049)
E.C.T. Ltd.	0	\$ 5,531	\$ 28,755	\$ 23,224	\$ 5,531	\$ 16,593	\$ 11,062
<b>Total</b>		<b>\$ 1,308,117</b>	<b>\$ 1,367,455</b>	<b>\$ 59,338</b>	<b>\$ 1,308,117</b>	<b>\$ 966,298</b>	<b>\$ (341,819)</b>

Other equity investments:

	% held	2009			2008		
		Value at Acquisition date	Fair Value	Appreciation (Depreciation)	Value at Acquisition date	Fair Value	Appreciation (Depreciation)
Oakenhall, Ltd.	23.8	\$ 46,730	\$ 49,286	\$ 2,556	\$ 46,730	\$ 43,151	\$ (3,579)
Pelham House Ltd.	0	\$ 1,725	\$ 1,622	\$ (258)	\$ 1,725	\$ 1,467	\$ (258)
Sonorex Oil and Gas Ltd	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kalimantan Investment Corporation	10.5	\$ 418,498	\$ 234,174	\$ (184,324)	\$ 418,498	\$ 80,778	\$ (337,720)
<b>Total</b>		<b>\$ 466,953</b>	<b>\$ 285,082</b>	<b>\$ (182,026)</b>	<b>\$ 466,953</b>	<b>\$ 125,396</b>	<b>\$ (341,557)</b>
<b>Total Investments</b>		<b>\$ 1,775,070</b>	<b>\$ 1,652,537</b>	<b>\$ (122,688)</b>	<b>\$ 1,775,070</b>	<b>\$ 1,091,694</b>	<b>\$ (683,376)</b>

Regarding the total of 800,000 shares Environmental Clean Technologies Ltd (E.C.T. Ltd.), 700,000 shares are held on behalf of the World Subud Association Inc. and 100,000 shares on behalf of Subud Australia Inc.

Total Unrealized Gains on Investments in 2009 amount to \$ 560,843.

NOTE 4 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets as of December 31, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Subud Houses	\$ 161,408	\$ 203,408
Humanitarian	\$ 9,612	\$ 9,612
E.S.I. W.S.A/Oz	\$ 28,755	\$ 16,593
Media Unit	\$ 60,000	\$ -
Yayasan Tambuhak Sinta	\$ 3,558	\$ -
World Subud Ass. Inc. (BLF)	\$ -	\$ 21,679
Youth Support Fund (I.Y.T.F.)	\$ -	\$ 9,669
Various	\$ 699	\$ 200
Total	\$ 264,032	\$ 261,161

Permanently restricted net assets as of December 31, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Permanent Capital Fund:		
Farkas Endowment	\$ 440,701	\$ 312,646
Bapak Legacy Fund	\$ 389,060	\$ 316,563
Subud Australia Fund	\$ 67,762	\$ 49,024
Total	\$ 897,523	\$ 678,233

NOTE 5 CAPITAL PRESERVATION FUND

In 1999 the Board of Trustees decided to designate the shares held by the Foundation in PT S.Widjojo and the Kalimantan Investment Corporation as having a special significance for the members of the parent organisation to the Capital Preservation Fund.

The reasons for the designation having lost their validity, the Board cancelled the designation and added the fund back to the General Fund.

## NOTE 6 FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of:

### Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

As a normal course of business operations the Foundation will have funds on deposit in various correspondent financial institutions in excess of federal deposit insurance ceilings. The Foundation does not anticipate any loss as a result of this activity.

### Concentration of Credit Risk Arising from Notes Receivable

The Foundation holds a non-interest bearing promissory note of IDR 507,650,000 from Yayasan Muhammad Subuh (YMS) in Jakarta, Indonesia, to secure its rights on certain properties in Cilandak, Jakarta.

The Foundation holds a non-interest bearing promissory note of NKR 2,910,200 from FloChem a/s and its owners in Norway (Balance per 31 December 2009 NKR 1,746,120). The note is to be paid in annual instalments of minimum 10 % per year. Instalments due within one year have been included under Accounts Receivable.

### Concentration of Credit Risk Arising from Long-Term Investments

The Foundation's long-term investment portfolio consists principally of shares in the Kalimantan Investment Company, privately held. Due to the development of the global financial crisis the future of that company is uncertain. The value of the investment holding is described in Note 3.

NOTE 7 DONATED SERVICES AND FACILITIES

In 2009 and 2008 professional services were contributed to the Foundation. There is no value for these donated services reflected in the accompanying financial statements since non-financial assets were not enhanced, specialized skills were not involved, and the services were not of a nature typically purchased by the Foundation. Nevertheless, a substantial number of trustees and officers have donated significant amounts of time in attempting to raise contributions and organize Foundation activities.

The use of operating facilities has been donated by the owners of such facilities. The estimated rental value of these facilities is not reflected in the accompanying financial statements since the use was intermittent and there was no objective basis available by which to measure the value of such facilities.

NOTE 8 REGULATORY REQUIREMENTS

Generally, charitable organizations with their principal offices in the State of Virginia and gross proceeds in excess of \$ 25,000 are required to register with the state and pay a small registration fee. However, in 2009 and 2008, no cash or property contributions were received from individuals or organizations domiciled in the State of Virginia, thereby exempting the Foundation from registering in the state of its principal office.

The Foundation's annual proceeds are generally in excess of \$ 25,000, and accordingly, annual information returns are required to be filed with the United States Internal Revenue Service.

NOTE 9 LOANS FROM TRUSTEES

In March 1996, six trustees lent the Foundation a total of \$ 51,100 to purchase shares in the newly formed Kalimantan Gold Corporation. The terms of these loans were payback on demand by the individual trustee, no interest, profits to the account of the Foundation, losses to the individual trustee. As of December 31, 2009, the value of the balance of \$ 15,000 (2008: \$ 15,000) notes payable to trustees was \$ 1,528 (2008: \$ 527) because of decreases in the stock's price. It is anticipated that the lenders will not call these loans until the share price increases.

NOTE 10 EURO LOAN

In 1999 the Foundation received an interest free loan of Euro 68,000. The loan is under certain conditions (hardship clause) recallable by the lender; on decease of the lender the loan falls to the Foundation. Any revenues on the amount lent are revenues of the Foundation.

NOTE 11 NOTES RECEIVABLE - SUBUD ORGANIZATIONS

Organization	Amount Outstanding		Terms
	12/31/2009	12/31/2008	
Adi Puri, Indonesia	\$ 36,000	\$ -	Zero percent interest; annual payments of \$ 4,000 over 10 years
Subud Surinam	\$ 10,000	\$ -	Zero percent interest; annual payments of \$ 1,000 over 10 years
Subud Chile	\$ 15,000	\$ 15,000	Zero percent; annual payments of \$ 1,000 over 15 years.
Subud Sao Paulo	\$ 11,000	\$ 12,000	Zero percent; annual payments of \$ 1,000; repayment to start December 1, 2005.
Subud Italy	\$ -	\$ 1,984	Zero percent; semi-annual payments \$ 500; repayment to start December 2001
Subud Malaysia	\$ -	\$ 2,141	Zero percent; semi-annual payments \$ 500 over 15 years; repayment started July 1997
Subud Mexico (1)	\$ 3,200	\$ 3,500	Zero percent; annual payments of \$ 400 over 15 years; repayment started January 1998
Subud Mexico (2)	\$ 3,200	\$ 2,900	Zero percent; 14 annual payments of \$ 300, final payment \$ 800, starting from April 1, 1999
Subud Malang	\$ 1,000	\$ 8,000	Zero percent; annual payments of \$ 2,000 . Principal reduced 2009
Subud Colombia	\$ 4,845	\$ 4,845	Zero percent; annual payments of \$ 700 starting April 1, 2000.
M.E.C., RDC	\$ 4,000	\$ -	Interest 7%; repayment in 5 years.
	\$ 88,245	\$ 50,370	
Allowance for uncollectable debts	\$ (5,545)	\$ (5,545)	
Total	\$ 82,700	\$ 44,825	

Repayment of the loans to Colombia, Mexico and Chile are in arrears, and in view of the economic circumstances in those countries there is doubt about the possibility to collect these loans according to schedule.

Management therefore has decided to create an allowance for incollectable debts.