

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDING DECEMBER 31, 2009 AND 2008

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Granick & Gendler
CERTIFIED PUBLIC ACCOUNTANTS

60 EAST 42nd STREET
NEW YORK, N.Y. 10165
(212) 697-1075

Report of Independent Certified Public Accountants

To the Board of Trustees
Encyclopaedia Iranica Foundation, Inc.

We have audited the accompanying statements of financial position of Encyclopaedia Iranica Foundation, Inc. as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years 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.

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 Encyclopaedia Iranica Foundation, Inc. as of December 31, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Granick & Gendler
GRANICK & GENDLER, CPA

New York, New York
June 17, 2010

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 86,183	\$ 169,878
Contributions Receivable	21,550	5,500
Sundry Receivables	41,207	63,934
Prepaid Expense	<u>745</u>	<u>10,850</u>
 TOTAL CURRENT ASSETS	 149,685	 250,162
 Equipment (Net of Accumulated Depreciation \$1280 at 12/31/09 and \$183 at 12/31/08	 <u>4,205</u>	 <u>5,302</u>
 <u>Other assets - Temporarily Restricted</u>		
Cash	225,471	289,713
Marketable Securities at Fair Value	12,083,032	9,810,958
Accrued Interest Receivable	<u>38,874</u>	<u>22,069</u>
 TOTAL OTHER ASSETS	 <u>12,347,377</u>	 <u>10,122,740</u>
 TOTAL ASSETS	 <u>\$12,501,267</u>	 <u>\$10,378,204</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ <u>27,168</u>	\$ <u>16,076</u>
 <u>Net Assets</u>		
Unrestricted	\$ 126,722	\$ 239,388
Temporarily Restricted	<u>12,347,377</u>	<u>10,122,740</u>
 TOTAL NET ASSETS	 <u>12,474,099</u>	 <u>10,362,128</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$12,501,267</u>	 <u>10,378,204</u>

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Changes in Unrestricted Net Assets		
Revenue, Gains and Other Support		
And Reclassifications		
Special Events		
Revenue and Special Event Contributions	\$ 126,340	\$ 149,991
Expenses	(33,581)	(24,565)
	<u>92,759</u>	<u>125,426</u>
Total Special Events		
Contributions	258,149	265,297
Sales	95,009	122,467
Interest	457	2,194
	<u>446,374</u>	<u>515,384</u>
Total Revenue, Gains (Losses) and Other Support		
Expenses		
Cost of Goods Sold	63,274	47,874
Programs	81,034	123,623
General and Administrative	84,341	80,810
Contributions to Columbia University - Encyclopaedia Iranica Project	178,543	377,500
Board Contribution to Temporarily Restricted Funds	151,847	222,246
	<u>559,039</u>	<u>852,053</u>
Total Expenses		
Change in Unrestricted Net Assets	<u>(112,665)</u>	<u>(336,669)</u>

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Changes in Temporarily Restricted Net Assets		
Revenues and Reclassifications		
Interest and Dividend Income	339,600	366,177
Unrealized (Loss) on Investments	2,041,430	(3,289,977)
Realized Gain (Loss) on Investments	(261,277)	(380,494)
Investment Expenses	(46,964)	(51,512)
Board Contributions to Temporarily Restricted Assets	<u>151,847</u>	<u>222,246</u>
Change in Temporarily Restricted Assets	<u>2,224,636</u>	<u>(3,133,560)</u>
Change in Net Assets	<u>2,111,971</u>	<u>(3,470,229)</u>
Net Assets, Beginning of Year	<u>10,362,128</u>	<u>13,832,357</u>
Net Assets, End of Year	<u>\$12,474,099</u>	<u>\$10,362,128</u>

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

SUPPLEMENTAL INFORMATION

YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Program Expenses</u>		
Salaries	\$ 25,520	\$ 20,813
Payroll taxes	2,144	1,845
Administrative Expenses (In-kind)	14,510	14,509
Publishing Expenses	38,860	86,456
	<u>\$ 81,034</u>	<u>\$123,623</u>
 <u>General and Administrative Expenses</u>		
Salaries	\$17,733	\$19,997
Payroll Taxes	1,490	1,772
Office Expenses	132	2,151
Postage	3,541	2,273
Administrative Expenses (In-kind)	13,940	13,941
Outside Services	6,549	19,277
Portrait Expense	3,000	5,000
Filing Fees	775	775
Legal Fees	-	1,600
Audit and Tax Fee	8,000	9,000
Miscellaneous Expenses	29,181	5,024
	<u>\$84,341</u>	<u>\$80,810</u>

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$2,111,971	(\$3,470,229)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Unrealized (Gain) Loss on Temporarily Restricted Investments	(2,041,430)	3,289,977
Depreciation Expense Temporarily Restricted Investment Expense	1,097	183
(Gain) and Loss on Temporarily Restricted Investments	46,964	51,512
Net Transfer to Temporarily Restricted Funds	261,277	380,494
Interest and Dividends on Temporarily Restricted Funds	(151,848)	(222,246)
Changes in Operating Assets and Liabilities	(339,600)	(366,177)
Contributions Receivable	(16,050)	253,611
Prepaid Expenses	10,105	(10,850)
Sundry Receivables	22,727	(36,394)
Accounts Payable and Accrued Expenses	11,092	(7,168)
Net Cash Provided (Used) by Operating Activities	<u>(83,695)</u>	<u>(137,287)</u>

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDING DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Investing Activities (Unrestricted)		
Expenditure for Equipment	-0-	(5,485)
-		
Net Cash Used in Investing Activities Unrestricted	<u>-0-</u>	<u>(5,485)</u>
Cash Flows from Investing Activities Temporarily Restricted		
Net Transfer to Temporarily Restricted Funds	151,847	222,246
Interest and Dividend Income Temporarily Restricted	339,600	366,177
Temporarily Restricted Investment Expense	(46,964)	(51,512)
(Increase) Decrease in Accrued Interest Temporarily Restricted	(16,805)	(1,146)
(Increase) Decrease in Temporarily Restricted Cash	64,242	555,448
(Increase) Decrease in Temporarily Restricted Marketable Securities	(230,643)	(710,719)
Gain (Loss) on Temporarily Restricted Marketable Securities	<u>(261,277)</u>	<u>(380,494)</u>
Net Cash (Used) Provided by Temporarily Restricted Investing Activities	<u>-0-</u>	<u>-0-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(83,695)	(142,772)
Cash and Cash Equivalents, Beginning of Year	<u>169,878</u>	<u>312,650</u>
Cash and Cash Equivalents, End of Year, Unrestricted	<u>86,183</u>	<u>169,878</u>
Supplemental Data-Non-Cash Transactions		
In-kind Support	\$33,830	\$31,450

The accompanying notes are an integral part of these Financial Statements.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and Business

The Encyclopaedia Iranica Foundation, Inc. ("the Foundation") was organized to conduct and carry out research on all aspects of Iranian and related studies and to promote the cause of the Encyclopaedia Iranica ("the Project"), a Columbia University project, through the establishment of an endowment fund and the publishing, dissemination and distribution of the results of their work.

Note 2 - Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. The Foundation places its temporary cash investments with high credit quality financial institutions. At times, such amounts may exceed Federally insured limits.

Use of estimates

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

Pledges receivable

The Foundation recognizes as revenue the estimated realizable value of each fully paid promise to contribute to its operations in the year such promise is made.

Temporarily Restricted Assets

These funds are restricted by board of trustees resolution. They can not be disbursed until the amount of the temporarily restricted assets reaches \$15,000,000 or by resolution of the board of trustees.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Investments in marketable securities

Investments in marketable securities are carried at fair market value. The actual cost of the investments is used as the basis when computing realized gains or losses. These funds are temporarily restricted.

Depreciation

Depreciation is computed based on a straight-line method over the estimated useful life of five years.

Income taxes

The foundation is recognized as exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax.

Contributions

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

Summary of significant accounting policies

Contributions

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 statements of activities as net assets released from restrictions.

Donated goods and services

Donated goods and services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted "in-kind

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

support" unless they are donor restricted to a specific purpose. Donated goods consist of donated items auctioned off by the Foundation for the sole purpose of fund raising. Donated services consist of legal and administrative services.

The Foundation does not reflect in the financial statements individual volunteer time and services in connection with the officers and trustees of the Foundation, or various committee assignments.

Financial expenditures
Certain expenses of the Foundation are allocated between program services and general and administrative in the accompanying statements of activities based on management's estimates.

Note 3 - Investments in marketable securities
Investments in marketable securities consist of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Equity mut.funds	\$ 8,733,860	\$ 7,554,767	\$ 8,647,300	\$ 5,633,843
Fixed income	-	-	-	-
Bond mut.funds	\$ 4,492,401	\$ 4,528,266	\$ 4,349,371	4,177,115
Totals	<u>\$13,226,261</u>	<u>\$12,083,033</u>	<u>\$12,996,671</u>	<u>\$ 9,810,958</u>

Note 4 - Related party transactions
The Foundation partially funds the Project which is administered by Columbia University. The Foundation contributed to Columbia University \$178,543 and \$377,500 in support of the Project in 2009 and 2008, respectively.
Certain trustees of the Foundation are also trustees of the Persian Heritage Foundation, which is a not-for-profit organization also established to receive and distribute funds in support of the Project and other cultural and academic endeavors.

ENCYCLOPAEDIA IRANICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5 - Contributions receivable
At December 31, 2009 and 2008 unconditional contributions receivable consist of the following:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	<u>\$21,550</u>	<u>\$5,500</u>

Note 6 - In-kind support
In 2009 and 2008, in-kind support consists of administrative fees and program expenses in the amount of \$28,450 and \$28,450 respectively.