

***THE AMERICAN LIBRARY IN PARIS,
USA Foundation***

*Financial Statements for the Years
ended December 31, 2010 and 2009
and Independent Auditors' Report*

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The American Library in Paris, USA Foundation

We have audited the accompanying statements of financial position of The American Library in Paris, USA Foundation (the "USA Foundation") as of December 31, 2010 and 2009 and for the years then ended expressed in U.S. dollars. 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 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 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the USA Foundation as of December 31, 2010 and 2009, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Associés



Giancarlo RANDAZZO

May 4, 2011

THE AMERICAN LIBRARY IN PARIS – USA FOUNDATION

*Financial Statements for the Year
ended December 31, 2010*

STATEMENTS OF ACTIVITIES**YEARS ENDED DECEMBER 31, 2010 and DECEMBER 31, 2009****IN US \$**

PROFIT AND LOSS	<u>2010</u>	<u>2009</u>
Revenues:		
Rents	0	0
Donations, gifts	1 148 260	305 960
Financial income	65 915	43 367
Exceptional income	0	0
Total revenues	<u>1 214 174</u>	<u>349 327</u>
Expenses:		
Professional fees	54 803	89 978
Bank charges	576	420
Other	93 682	1 978
Total expenses	<u>149 061</u>	<u>92 376</u>
REVENUES IN EXCESS OF EXPENSES	<u>1 065 113</u>	<u>256 951</u>
REALIZED GAINS OR LOSSES ON INVESTMENTS—Net	-35 521	-85 555
UNREALIZED GAINS OR LOSSES ON INVESTMENTS—Net	33 311	297 508
DONATION TO ALP INC	<u>228 750</u>	<u>262 054</u>
INCREASE (DECREASE) IN NET ASSETS	834 153	206 850
NET ASSETS:		
Beginning of year	2 091 818	1 884 968
Change in net assets	<u>834 153</u>	<u>206 850</u>
End of year	<u>2 925 971</u>	<u>2 091 818</u>

Notes 1 to 6 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

1. PURPOSE

The American Library in Paris, USA Foundation (“USA Foundation”) is incorporated in the State of Delaware and recognized as a 501 (c) 3 tax-exempt foundation under U.S. IRS rules. It provides gifts to the American Library in Paris, Inc. (the “Library”) for operating expenses and other purposes. Generally, such gifts are made as the need arises after a request is received from the Library. The Directors of the USA Foundation retain the discretion to approve the gift and make the transfer.

2. CURRENCY

All funds in the USA Foundation are held in dollars or euros.

3. FUNDS

The ALP USA Foundation assets are held in its accounts with Merrill Lynch New-York USA. They are held in a variety of financial instruments available to US institutions, including mutual funds of Black Rock/Merrill Lynch, an independent asset manager. Merrill Lynch acts on an advisory basis to the Board for its financial investments and as a broker as defined in its terms and conditions signed with Merrill Lynch’s Paris Office.

At the end of the year, the investments are registered at market value for USD 2 598 179, and their repartition is:

- Equities:	44 %
- Fixed Income:	56 %

4. EVENT OF THIS YEAR

Litigation was commenced against the Library before a labor court in Paris by the Library’s former director. The Paris Labor court ruled in favor of the Library and the former director appealed. The dispute has been concluded.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

To be relevant with the “tax return” the taxable financial incomes are registered as financial incomes and the others are registered as realized gains or losses on investments.

- **Fund Accounting:** Gifts from the USA Foundation to the Library are noted on the financial statements.

Notes 1 to 6 are an integral part of these financial statements.

Restrictions on the use of funds are as follows:

The Annenberg Fund Endowment Fund for the Children's Librarian Position: Investment proceeds from the principal in this account are used to fund the salary, social charges, and other expenses for the Children's Librarian.

The Gregory Annenberg Weingarten Endowment Fund for the Library Director: Investment proceeds from the principal in this account are used to fund the salary, social charges, and other expenses for the Library Director.

The Second Century Fund: Contributions are made toward an endowment fund from outside donors. Except as specified, these donations are for general operating purposes. One contribution to date has been earmarked for the renovation of the Library.

- **Cash, equivalents and other investments** include interest-bearing deposits and short-term investments with original maturities of three months or less, stocks and bonds.
- **Gifts, Bequests, and Grants** are recorded as income when received.
- **Tax Status**— For Federal income tax purposes, the ALP USA Foundation is a 501 (c) 3 tax-exempt organization that is not a private foundation.

6. BOARD OF DIRECTORS

- Marshall Wais, President
- J. Paul Horne, Secretary
- Karen L. Morris
- Dewey K. Shay
- William D. Torchiana, ex officio
- Etienne Gorse, ex officio

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