

To: the Management Board of Muhammad Subuh Foundation

Auditor's report

We have audited the accompanying financial statements 2008 of Muhammad Subuh Foundation, Capelle aan den IJssel, which comprise the balance sheet as at December 31, 2008 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 and for the preparation of the management board report, both 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, 2008 and of its result for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

Rotterdam, October 5, 2009

Ernst & Young Accountants LLP

signed by W.E. Paardekooper

THE MUHAMMAD SUBUH FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

THE MUHAMMAD SUBUH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008 AND 2007
(U.S. DOLLARS)

ASSETS

	<u>2008</u>	<u>2007</u>
Cash Available for Current Use (NOTE 2)	\$ 2,244,196	\$ 2,090,836
Accounts Receivable & Prepayments	\$ 98,614	\$ 54,361
Investments (NOTE 3)	\$ 144,301	\$ 1,559,123
Notes Receivable Long Term (NOTE 7)	\$ 266,518	\$ 367,865
Notes Receivable from Subud Organisations (NOTE 12)	\$ 44,825	\$ 27,919
Land and Buildings Net of Accumulated Depreciation (NOTE 1)	\$ 161,561	\$ 168,276
<u>TOTAL ASSETS</u>	<u>\$ 2,960,015</u>	<u>\$ 4,268,380</u>

LIABILITIES AND NET ASSETS

Liabilities

Loans from Trustees (NOTE 10)	\$ 15,000	\$ 24,800
Euro loan (NOTE 11)	\$ 95,200	\$ 100,198
Distributable Grants	\$ -	\$ 20,000
Accounts payable	\$ 31,697	\$ 60,480
<u>Total Liabilities</u>	<u>\$ 141,897</u>	<u>\$ 205,478</u>

Net Assets

Unrestricted - Capital Use Fund	\$ 1,073,888	\$ 1,383,867
Unrestricted - Designated as Capital Preservation Fund (NOTE 6)	\$ 793,837	\$ 1,368,739
Unrestricted - Designated as Bapak's Talks Fund (NOTE 5)		\$ -
Unrestricted - Designated as Youth Support Fund	\$ 11,000	\$ 12,600
<u>Total Unrestricted Net Assets</u>	<u>\$ 1,878,725</u>	<u>\$ 2,765,206</u>
Temporarily Restricted (NOTE 4)	\$ 261,160	\$ 351,966
Permanently Restricted - Permanent capital Fund (NOTE 4)	\$ 678,233	\$ 945,730
<u>Total Net Assets</u>	<u>\$ 2,818,118</u>	<u>\$ 4,062,902</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,960,015</u>	<u>\$ 4,268,380</u>

THE MUHAMMAD SUBUH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007.
(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 (NOTE 5)</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
Correction previous years	\$ -	\$ -	\$ -	\$ -
<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
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007.
(U.S. Dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2007
	<u>2007</u>	<u>2007</u>	<u>2007</u>	
<u>Support and Revenue</u>				
Contributions from Subud Members	\$ 3,015	\$ 1,800	\$ 1,050	\$ 5,865
Contributions from Enterprises	\$ 1,500		\$ -	\$ 1,500
Grants	\$ -		\$ -	\$ -
Legacies & Bequests	\$ 146,702	\$ -	\$ 80,188	\$ 226,890
Dividends and Realized Gains	\$ -41,005	\$ -	\$ 7,398	\$ -33,607
Interest Revenue	\$ 13,409	\$ -	\$ 2,068	\$ 15,477
Miscellaneous	\$ 622	\$ -		\$ 622
	<u>\$ 124,243</u>	<u>\$ 1,800</u>	<u>\$ 90,704</u>	<u>\$ 216,747</u>
Net Assets Released from Restrictions (NOTE 5)	\$ 328,754	\$ -305,991	\$ -22,763	\$ -
<u>TOTAL SUPPORT AND REVENUE</u>	<u>\$ 452,997</u>	<u>\$ -304,191</u>	<u>\$ 67,941</u>	<u>\$ 216,747</u>
<u>Expenses</u>				
<u>Programs:</u>				
Grants for Subudhouses	\$ 75,532	\$ -	\$ -	\$ 75,532
Grants to World Subud Association	\$ 60,100	\$ -	\$ -	\$ 60,100
Grants - Other	\$ 121,858	\$ -	\$ -	\$ 121,858
Depreciation Expense on Long-Term Assets	\$ 6,715	\$ -	\$ -	\$ 6,715
Total Program Expenses	<u>\$ 264,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,205</u>
Management and General (see Schedule)	<u>\$ 29,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,095</u>
<u>Total Expenses</u>	<u>\$ 293,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,300</u>
				\$ -
<u>Other Gains/Losses</u>				
Unrealized (Gain)/Loss on Investments (NOTE 3)	\$ -822,642		\$ -	\$ -822,642
(Gains)/Losses on Currency differences	\$ -36,356	\$ -	\$ -	\$ -36,356
Correction previous years	\$ -15,000	\$ -	\$ -	\$ -15,000
<u>TOTAL EXPENSES AND LOSSES</u>	<u>\$ -580,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -580,698</u>
Change in Net Assets	\$ 1,033,695	\$ -304,191	\$ 67,941	\$ 797,445
Net assets - Beginning of Period	\$ 1,731,510	\$ 656,157	\$ 877,789	\$ 3,265,456
Net Assets - End of Period	\$ 2,765,205	\$ 351,966	\$ 945,730	\$ 4,062,901

**THE MUHAMMAD SUBUH FOUNDATION
SUPPORTING SCHEDULES OF MANAGEMENT
AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,
2008 AND 2007
(U.S. Dollars)**

	Unrestricted <u>2008</u>	Unrestricted <u>2007</u>
<u>Management and General Expenses</u>		
Trustee Meeting Expenses	\$ 19,879	\$ 9,051
Office Supplies and Expense	\$ 2,949	\$ 665
Audit Services	\$ 5,795	\$ 8,241
Legal Fees	\$ 726	\$ 2,592
Other Fees and Allowances	\$ 6,250	\$ 6,700
Bank Service Charges	\$ 1,746	\$ 1,174
Credit Card Service	\$ 1,080	\$ 672
Miscellaneous	\$ -	\$ -
	<hr/>	<hr/>
TOTAL	\$ 38,425	\$ 29,095

THE MUHAMMAD SUBUH FOUNDATION
STATEMENTS OF CASH FLOWS FOR THE YEARS
ENDED DECEMBER 31, 2008 AND 2007
(U.S.Dollars)

	<u>2008</u>	<u>2007</u>
<u>Cash Flows from Operating Activities</u>		
(Decrease) / increase in Total Net Assets	\$ (1,244,784)	\$ 797,446
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 6,715	\$ 6,715
Unrealized (Gains)/ Loss on Investments	\$ 1,414,822	\$ (739,760)
Currency Diff. on YMS/Euro Loan	\$ -	\$ -
Decrease in:		
Donated Securities	\$ -	\$ -
Accounts Receivable and Other Assets	\$ 57,094	\$ 14,157
(Decrease) / Increase in:		
Accounts and Notes Payable	\$ (63,581)	\$ 56,762
Total Adjustments	<u>\$ 1,415,050</u>	<u>\$ (662,126)</u>
Net Cash Used in Operating Activities	\$ 170,266	\$ 135,320
<u>Cash Flows from Investing Activities</u>		
Loan Repayments from Subud Organizations	\$ 8,094	\$ 21,777
De-investment	\$ -	\$ 18,640
Loans to Subud Organizations for Houses	<u>\$ (25,000)</u>	<u>\$ -</u>
Net Cash Provided by (Used in) investing Activities	\$ (16,906)	\$ 40,417
Net Increase (Decrease) in Cash and Equivalents	\$ 153,360	\$ 175,737
Cash and Equivalents - Beginning of Year	\$ 2,090,836	\$ 1,915,099
Cash and Equivalents - End of Year	<u>\$ 2,244,196</u>	<u>\$ 2,090,836</u>
Net increase in Cash	\$ 153,360	\$ 175,737

THE MUHAMMAD SUBUH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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 2008 and 2007 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 both the years ended December 31, 2008 and 2007 amounts to \$ 6,715.

In 1993 the Foundation received contractual rights to land and buildings at the Amanecer International Subud Center located near Armenia, Colombia. In July 2001 the land and main building of Fundacion Amanecer have been formally conveyed to the Foundation.

Depreciation summary.	Value at Acquisition	Prior Accum. Depreciation	Current year depreciation	Total accum. Depreciation	Value ult. 2008
Land & Buildings					
Amanecer, Colombia	\$ 238,982	\$ 79,386	\$ 5,475	\$ 84,861	\$ 154,121
Archive House, Indonesia	\$ 31,000	\$ 22,320	\$ 1,240	\$ 23,560	\$ 7,440
	\$ 269,982	\$ 101,706	\$ 6,715	\$ 108,421	\$ 161,561

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.

NOTE 3 INVESTMENTS

Equity and debt investments with readily determinable fair values:

		2008			2007		
		% held	Value at Acquisition date	Fair Value	Appreciation (Depreciation)	Value at Acquisition date	Fair Value
Kalimantan Gold Corp.	0	\$ 57,360	\$ 2,311	\$ (55,049)	\$ 57,360	\$ 20,680	\$ (36,680)
E.C.T. Ltd.	0	\$ 5,531	\$ 16,593	\$ 11,062	\$ 5,531	\$ 121,728	\$ 116,197
Total		\$ 62,891	\$ 18,904	\$ (43,987)	\$ 62,891	\$ 142,408	\$ 79,517

Other equity investments:

		2008			2007		
		% held	Value at Acquisition date	Fair Value	Appreciation (Depreciation)	Value at Acquisition date	Fair Value
S.Widjojo International	4.7	\$ -	\$ -	\$ -	\$ 283,638	\$ 646,041	\$ 362,403
Oakenhall, Ltd.	23.8	\$ 46,730	\$ 43,151	\$ (3,579)	\$ 46,730	\$ 46,252	\$ (478)
Pelham House Ltd.	0	\$ 1,725	\$ 1,467	\$ (258)	\$ 1,725	\$ 1,725	
Sonorex Oil and Gas Ltd	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kalimantan Investment Corporation	10.5	\$ 418,498	\$ 80,778	\$ (337,720)	\$ 418,498	\$ 722,697	\$ 304,199
Total		\$ 466,953	\$ 125,396	\$ (341,557)	\$ 750,591	\$ 1,416,715	\$ 666,124
Total Investments		\$ 529,844	\$ 144,300	\$ (385,544)	\$ 813,482	\$ 1,559,123	\$ 745,641

The Foundation held 1,217,275 options Environmental Clean Technologies Ltd. (2007: 2,000,000) with an exercise price of AUD 0.01; the options were exercised in October 2008.

Of the balance of 800,000 shares 700,000 shares are held on behalf of the World Subud Association and 100,000 shares on behalf of Subud Australia Inc.

NOTE 4 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets as of December 31, 2008 and 2007, were as follows:

	<u>2008</u>	<u>2007</u>
Subud Houses	\$ 203,408	\$ 167,000
Humanitarian	\$ 9,612	\$ 24,517
E.S.I. W.S.A/Oz	\$ 16,593	\$ 121,727
Canberra Centre	\$ -	\$ 16,342
World Subud Ass. Inc. (BLF)	\$ 21,679	\$ 21,679
Youth Support Fund (I.Y.T.F.)	\$ 9,669	\$ -
Various	\$ 200	\$ 700
Total	\$ 261,161	\$ 351,965

Permanently restricted net assets as of December 31, 2008 and 2007, were as follows:

	<u>2008</u>	<u>2007</u>
Permanent Capital Fund:		
Farkas Endowment	\$ 312,646	\$ 460,000
Bapak Legacy Fund	\$ 316,563	\$ 411,189
Subud Australia Fund	\$ 49,024	\$ 74,541
Total	\$ 678,233	\$ 945,730

NOTE 5 Bapak Talks Fund

As the period for which the Bapak's Talks Fund was designated has expired, the balance of the fund (US\$ 50,000) was undesignated and returned to the General Fund.

In the past two years there has been no appeal for funds for the Talks project; nonetheless the Foundation remains committed to its completion.

NOTE 6 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 Board will add other assets to this fund as it may see fit from time to time.

In 2008 the shares in PT S Widjojo were sold and the cash proceeds added to the fund.

NOTE 7 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 2007 NKR 2,328,160). 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 8 DONATED SERVICES AND FACILITIES

In 2008 and 2007 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 9 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 2008 and 2007, 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 10 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, 2008, the value of the balance of \$ 15,000 (2007: \$ 24,800) notes payable to trustees was \$ 527 (2007: \$ 10,036) 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 11 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 12 NOTES RECEIVABLE - SUBUD ORGANIZATIONS

Organization	Amount Outstanding		Terms
	12/31/2008	12/31/2007	
Subud Chile	\$ 15,000	\$ -	Zero percent; annual payments of \$ 1,000 over 15 years.
Subud Sao Paulo	\$ 12,000	\$ 13,000	Zero percent; annual payments of \$ 1,000; repayment to start December 1, 2005.
Subud Italy	\$ 1,984	\$ 2,668	Zero percent; semi-annual payments \$ 500; repayment to start December 2001
Subud Malaysia	\$ 2,141	\$ 5,151	Zero percent; semi-annual payments \$ 500 over 15 years; repayment started July 1997
Subud Mexico (1)	\$ 3,500	\$ 3,500	Zero percent; annual payments of \$ 400 over 15 years; repayment started January 1998
Subud Mexico (2)	\$ 2,900	\$ 3,600	Zero percent; 14 annual payments of \$ 300, final payment \$ 800, starting from April 1, 1999
Subud Malang	\$ 8,000	\$ -	Zero percent; annual payments of \$ 2,000 over 5 years, started September 2008.
Subud Colombia	\$ 4,845	\$ 5,545	Zero percent; annual payments of \$ 700 over 10 years; repayment to start April 1, 2000.
Allowance for uncollectable debts	\$ 50,370	\$ 33,464	
	\$ (5,545)	\$ (5,545)	
Total	\$ 44,825	\$ 27,919	

Repayment of the loans to Colombia and Mexico are in arrears, and in view of the economic circumstances in those countries there is serious doubt about the possibility to collect these loans at any foreseeable time. Management therefore has decided to create an allowance for incollectable debts.