

**WORLD MONUMENTS FUND, INC.**

**Consolidated Financial Statements  
for year ended  
June 30, 2011**

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**Independent Auditors' Report**

To the Board of Trustees  
World Monuments Fund, Inc.

We have audited the accompanying statement of financial position of World Monuments Fund, Inc. (the "Organization") as of June 30, 2011 and the related statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of World Monuments Fund Britain and World Monuments Fund Italy (collectively the "Subsidiaries"), which statements reflect total combined assets of \$3,138,956 as of June 30, 2011 and total combined revenue of \$6,289,086 expenses of \$6,282,767 and other additions of \$167,236 for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the field operations of the Subsidiaries, is based solely on the reports of the other auditors. The prior year's summarized comparative consolidated information has been derived from the Organization's fiscal 2010 consolidated financial statements and, in our report dated September 16, 2010, we and other auditors expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, based upon our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of World Monuments Fund, Inc. as of June 30, 2011 and the results of its consolidated activities and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 17, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of World Monuments Fund, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2011 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cordon O'Meara McGinty + Donnelly LLP

**WORLD MONUMENTS FUND, INC.**

**Consolidated Statement of Financial Position**

**Assets**

	June 30				
	2011			2010	
	<u>WMF</u>	<u>Subsidiaries</u>	<u>Eliminating Items</u>	<u>Consolidated</u>	<u>Consolidated</u>
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,122,775	\$ 2,995,990	\$ -	\$ 4,118,765	\$ 7,039,863
Temporary investments, at fair value	2,631,183	-	-	2,631,183	3,091,638
Accounts receivable	112,464	-	-	112,464	90,416
Prepaid expenses	147,522	130,392	(92,831)	185,083	167,895
Current portion of contributions receivable, net	<u>12,268,517</u>	<u>-</u>	<u>-</u>	<u>12,268,517</u>	<u>14,001,151</u>
Total current assets	16,282,461	3,126,382	(92,831)	19,316,012	24,390,963
<b>Endowment investment, at fair value</b>	24,281,069	-	-	24,281,069	21,256,819
<b>Contributions receivable, net of current portion</b>	15,091,807	-	-	15,091,807	9,599,603
<b>Property and equipment, net</b>	847,142	12,574	-	859,716	327,965
<b>Security deposits</b>	<u>765,964</u>	<u>-</u>	<u>-</u>	<u>765,964</u>	<u>758,787</u>
<b>Total assets</b>	<u>\$ 57,268,443</u>	<u>\$ 3,138,956</u>	<u>\$ (92,831)</u>	<u>\$ 60,314,568</u>	<u>\$ 56,334,137</u>

**Liabilities and Net Assets**

<b>Current Liabilities</b>					
Accounts payable and other	\$ 266,961	\$ 341,711	\$ (92,831)	\$ 515,841	\$ 518,618
Accrued expenses	<u>29,190</u>	<u>-</u>	<u>-</u>	<u>29,190</u>	<u>35,700</u>
Total current liabilities	296,151	341,711	(92,831)	545,031	554,318
Deferred rent	<u>232,579</u>	<u>-</u>	<u>-</u>	<u>232,579</u>	<u>3,190</u>
Total liabilities	<u>528,730</u>	<u>341,711</u>	<u>-</u>	<u>777,610</u>	<u>557,508</u>
<b>Net Assets</b>					
Unrestricted	2,423,110	702,425	-	3,125,535	2,805,424
Unrestricted – Board-designated endowment	<u>2,519,478</u>	<u>-</u>	<u>-</u>	<u>2,519,478</u>	<u>2,196,145</u>
Total unrestricted net assets	4,942,588	702,425	-	5,645,013	5,001,569
Temporarily restricted	30,168,012	2,094,820	-	32,262,832	31,334,839
Permanently restricted	<u>21,629,113</u>	<u>-</u>	<u>-</u>	<u>21,629,113</u>	<u>19,440,221</u>
Total net assets	<u>56,739,713</u>	<u>2,797,245</u>	<u>-</u>	<u>59,536,958</u>	<u>55,776,629</u>
<b>Total liabilities and net assets</b>	<u>\$ 57,268,443</u>	<u>\$ 3,138,956</u>	<u>\$ (92,831)</u>	<u>\$ 60,314,568</u>	<u>\$ 56,334,137</u>

See notes to consolidated financial statements.

WORLD MONUMENTS FUND, INC.

Consolidated Statement of Activities  
Year Ended June 30, 2011  
(with Summarized Comparative Information for the Year Ended June 30, 2010)

	2011										2010		
	Unrestricted			Temporarily Restricted			Permanently Restricted		Totals		Eliminating Items	Totals Consolidated	Total Consolidated
	WMF Operations	WMF Board-Designated Endowment	Subsidiaries Operations	Consolidated Unrestricted	WMF Temporarily Restricted	Subsidiaries Temporarily Restricted	Consolidated Temporarily Restricted	WMF Permanently Restricted	Subsidiaries Permanently Restricted	WMF	Subsidiaries		
<b>Support and revenue</b>													
Contributions	\$ 1,205,118	-	\$ 843,181	\$ 2,048,299	\$ 17,966,861	\$ 5,391,913	\$ 23,358,774	\$ 25,274	\$ 6,235,094	\$ 19,197,253	\$ 6,235,094	\$ (2,201,451)	\$ 23,230,896
Special events	636,816	-	17,047	653,863	-	-	-	-	17,047	636,816	17,047	-	653,863
Program revenue	7,213	-	34,123	41,336	-	-	-	-	34,123	7,213	34,123	-	41,336
Net investment revenue	502,515	399,454	703	902,672	394,640	2,119	396,759	2,908,818	2,822	4,205,427	2,822	-	4,208,249
Net assets released from restrictions in satisfaction of program requirements	18,260,826	(76,121)	5,520,492	23,705,197	(17,439,505)	(5,520,492)	(22,959,997)	(745,200)	-	24,046,709	6,289,086	-	28,134,344
Total support and revenue	20,612,488	323,333	6,415,546	27,351,367	921,996	(126,460)	795,536	2,188,892	6,289,086	24,046,709	6,289,086	(2,201,451)	28,134,344
<b>Expenses</b>													
<b>Programs</b>													
Active Field Projects	8,658,019	-	5,109,178	13,767,197	-	-	-	-	5,109,178	8,658,019	5,109,178	-	13,767,197
Affiliates' Field Projects	2,876,353	-	750,972	3,627,325	-	-	-	-	750,972	2,876,353	750,972	(2,201,451)	1,425,874
Partners' Field Projects	2,648,664	-	-	2,648,664	-	-	-	-	-	2,648,664	-	-	2,648,664
Education and Public Outreach	1,358,572	-	58,081	1,416,653	-	-	-	-	58,081	1,358,572	58,081	-	1,416,653
Project Awards	2,201,175	-	-	2,201,175	-	-	-	-	-	2,201,175	-	-	2,201,175
Total program expenses	17,742,783	-	5,918,231	23,661,014	-	-	-	-	5,918,231	17,742,783	5,918,231	(2,201,451)	21,459,563
<b>Support expenses</b>													
General and administrative	1,386,067	-	78,959	1,465,026	-	-	-	-	78,959	1,386,067	78,959	-	1,465,026
Fund-raising	1,331,085	-	285,577	1,616,662	-	-	-	-	285,577	1,331,085	285,577	-	1,616,662
Total support expenses	2,717,152	-	364,536	3,081,688	-	-	-	-	364,536	2,717,152	364,536	-	3,081,688
Total expenses	20,459,935	-	6,282,767	26,742,702	-	-	-	-	6,282,767	20,459,935	6,282,767	(2,201,451)	24,541,251
Increase (decrease) before other addition (deduction)	152,553	323,333	132,779	608,665	921,996	(126,460)	795,536	2,188,892	6,319	3,586,774	6,319	-	3,593,093
Other addition (deduction)	-	-	34,779	34,779	-	132,457	132,457	-	167,236	-	167,236	-	167,236
Foreign currency translation gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	152,553	323,333	167,558	643,444	921,996	5,997	927,993	2,188,892	173,555	3,586,774	173,555	-	3,760,329
Net assets, beginning of year	2,270,557	2,196,145	534,867	5,001,569	29,246,016	2,088,823	31,334,639	19,440,221	2,623,690	53,152,939	2,623,690	-	55,776,629
Net assets, end of year	\$ 2,423,110	\$ 2,519,478	\$ 702,425	\$ 5,645,013	\$ 30,168,012	\$ 2,094,820	\$ 32,462,632	\$ 21,629,113	\$ 2,797,245	\$ 56,739,713	\$ 2,797,245	\$ -	\$ 59,536,958

See notes to consolidated financial statements.

**WORLD MONUMENTS FUND, INC.**

**Consolidated Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>June 30</b>	
	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 3,760,329	\$ (3,176,946)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Contributions permanently restricted	(25,274)	(29,504)
Donated investments	(551,125)	(693,276)
Depreciation	128,634	204,970
Net realized and unrealized (gain) on investments	(3,066,370)	(3,333,963)
(Increase) decrease in assets		
Accounts receivable	(22,048)	(29,156)
Contributions receivable	(3,759,570)	6,450,477
Prepaid expenses	(17,188)	(43,546)
Security deposit	(7,177)	(318,007)
Increase (decrease) in liabilities		
Accounts payable and other	(2,777)	(24,786)
Accrued expenses	(6,510)	1,700
Increase (decrease) in deferred rent	229,389	(9,552)
Net cash (used in) operating activities	<u>(3,339,687)</u>	<u>(1,001,589)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	5,954,324	9,425,154
Purchase of investments	(4,900,624)	(10,149,292)
Purchases of property and equipment	(660,385)	(311,823)
Net cash provided by (used in) investing activities	<u>393,315</u>	<u>(1,035,961)</u>
<b>Cash flows from financing activities</b>		
Contributions permanently restricted	<u>25,274</u>	<u>29,504</u>
<b>Net (decrease) in cash     and cash equivalents</b>	<b>(2,921,098)</b>	<b>(2,008,046)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>7,039,863</b></u>	<u><b>9,047,909</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 4,118,765</b></u>	<u><b>\$ 7,039,863</b></u>

See notes to consolidated financial statements.

**WORLD MONUMENTS FUND, INC.****Notes to Consolidated Financial Statements  
June 30, 2011****Note 1 – Nature of organization**

World Monuments Fund, Inc. (“WMF”) was incorporated in 1965 as a not-for-profit organization. WMF was organized to preserve important historic architectural sites and works of art without regard to national boundaries.

**Note 2 – Summary of significant accounting policies****Report presentation**

The consolidated financial statements of the Organization include the accounts of its European branch offices, and its wholly owned subsidiaries World Monuments Fund Britain and World Monuments Fund Italy. WMF has the power to control the financial and operating policies of its Subsidiaries by exercising control over more than half of the voting rights. Interoffice accounts and transactions were eliminated in the financial statements between WMF and its Subsidiaries. There were no material interoffice accounts or transactions that were required to be eliminated in the financial statements between WMF and its European branch officers.

WMF does not include the accounts of its independent affiliated organizations due to the fact that WMF does not control these organizations. All non-controlled affiliated organizations use the World Monuments Fund name and their offices are located in France, Portugal, and Spain.

**Restatement**

During the 2011 fiscal year, it was determined that for years prior to 2011, \$1,529,981 of temporarily restricted net assets had been recorded as unrestricted. Therefore, WMF’s beginning temporarily restricted net assets were increased by \$1,529,981 and the beginning unrestricted net assets were reduced by the same amount.

**Contributions**

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation 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 statement of activities as net assets released from restrictions. The net assets that were released from restriction were used to fund the programs discussed in note 1 to the consolidated financial statements.

**Allowance for doubtful accounts**

WMF has provided \$75,000 for an allowance for doubtful accounts for any potentially uncollectible receivables. Such estimate is based on management’s experience, the aging of the receivables, subsequent receipts and current economic conditions.

**WORLD MONUMENTS FUND, INC.****Notes to Consolidated Financial Statements  
June 30, 2011****Note 2 – Summary of significant accounting policies (continued)****Investments**

The investments are recorded in the consolidated financial statements at market values based on prices described in note 4. Net investment revenue is allocated between unrestricted, temporarily restricted and permanently restricted net assets. The cost of investments sold is determined on a first-in, first-out basis.

**Property and equipment**

Property and equipment are recorded at cost. Furniture, fixtures and equipment are being depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Leasehold improvements are being amortized over the life of the lease. For the 2011 fiscal year, fully depreciated property and equipment totaling \$1,222,033 was removed from the accounts and records.

**Allocation of expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the costs of the supporting services have been summarized in note 11. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 the amounts reported in the financial statements. Actual results could differ from these estimates.

**Concentration of credit risk**

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and contributions receivable. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. The Organization invests in money market funds, fixed income funds, mutual funds, common stocks, limited partnerships and other investments. Due to the level of uncertainty related to the changes in interest rates, market volatility and credit risks, it is reasonably possible that changes in these risks could materially affect the fair value of investments reported in the statement of financial position at June 30, 2011. However, the Organization routinely assesses the financial strength of its cash and investment portfolio. The Organization believes that its contributions receivable are collectible. As a consequence, concentrations of credit risk are limited.

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 2 – Summary of significant accounting policies (continued)**

Comparative financial information

The financial statements include certain prior-year summarized comparative financial information in total and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the WMF's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Foreign currency translation

The consolidated financial statements are presented in dollars, which is the functional currency of the parent company. In consolidation, assets and liabilities have been translated into dollars at the closing rate on June 30, 2011. Income and expenses have been translated into dollars at the average rate over the period July 1, 2010 through June 30, 2011.

Cash equivalents

The Organization considers highly liquid assets with an original maturity of 90 days or less to be cash equivalents.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2011, which is the date the financial statements were available to be issued.

**Note 3 – Contributions receivable**

Contributions receivable are unconditional promises from external organizations and individuals to donate to the Organization. As of June 30, 2011, contributions receivable, which are reflected at their present value discounted by approximately \$911,000, at either 6% or 8%, are due as follows:

<u>Fiscal year</u>	<u>Total</u>
2012	\$ 12,268,517
2013	9,435,192
2014	4,797,076
2015	196,399
2016	77,292
Thereafter	<u>660,848</u>
Sub-total	27,435,324
Less: Allowance for uncollectible contributions	<u>(75,000)</u>
Total	27,360,324
Less: Portion due within one year, net of allowance	<u>12,268,517</u>
Long-term portion	<u>\$ 15,091,807</u>

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 4 – Investments**

As of June 30, 2011 and June 30, 2010, the investments consisted of the following:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 5,437,115	\$ 5,437,115	\$ 9,622,948	\$ 9,622,948
Fixed income				
U.S. Treasury bonds	500,053	501,643	656,522	663,569
Global reserve fund	30,506	33,139	30,505	30,728
Mutual funds	5,518,402	7,482,238	4,151,267	4,881,286
Common stocks	127,680	127,680	10,143	10,152
Equity mutual funds	1,228,699	2,404,567	2,594,747	3,464,119
Limited partnerships and other	9,388,875	10,925,870	5,687,828	5,675,655
Total	\$ 22,231,330	\$ 26,912,252	\$ 22,753,960	\$ 24,348,457

Investments consist of:

Temporary	\$ 2,631,183	\$ 3,091,638
Endowment	24,281,069	21,256,819
Total	\$26,912,252	\$24,348,457

For the year ended June 30, 2011, investment revenue consisted of the following:

Interest and dividends, including foreign currency transactions	\$ 1,141,879
Net realized (loss) on investments	(3,643)
Unrealized gain on investments	3,086,425
Custodial fees	(16,412)
Total	\$ 4,208,249

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 4 – Investments (continued)**

Fair value measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of June 30, 2011:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 5,437,115	\$ 5,437,115	\$ -	\$ -
Fixed income				
U.S. Treasury bonds	501,643	501,643	-	-
Global reserve fund	33,139	33,139	-	-
Mutual funds	7,482,238	7,482,238	-	-
Common stock	127,680	127,680	-	-
Equity mutual funds	2,404,567	2,404,567	-	-
Limited partnerships and other	<u>10,925,870</u>	<u>-</u>	<u>-</u>	<u>10,925,870</u>
Total investments	<u>\$ 26,912,252</u>	<u>\$ 15,986,382</u>	<u>\$ -</u>	<u>\$ 10,925,870</u>

The following is a summary of changes in the fair value of the Organization's Level 3 investments for the year ended June 30, 2011:

Balance, June 30, 2010	\$ 5,675,655
Net purchases	3,701,047
Net unrealized gain	<u>1,549,168</u>
Balance, June 30, 2011	<u>\$ 10,925,870</u>

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 4 – Investments (continued)**

WMF's alternative investments are composed of various funds with different investment objectives. These funds have restrictions on withdrawals and transferability. Depending on the fund, withdrawals require written notice to each fund ranging from 30 to 180 days prior to withdrawal, as well as certain other requirements and restrictions, such as minimum withdrawals, fees, etc. The ability of WMF to withdraw capital from these funds is subject to the ability of these funds to withdraw capital from their underlying investments. Many underlying investments have the right to suspend the payment of redemptions under certain circumstances. Some underlying investments may also be subject to lock-ups, redemption fees, etc.

**Note 5 – Property and equipment**

The summary of the property and equipment as of June 30, 2011 and June 30, 2010 is as follows:

	2011		2010	
	WMF	Total Subsidiaries	Consolidated	Consolidated
Leasehold improvements	\$ 486,284	\$ -	\$ 486,284	\$ 990,093
Furniture, fixtures and equipment	<u>1,002,909</u>	<u>135,861</u>	<u>1,138,770</u>	<u>1,196,609</u>
Sub-total	1,489,193	135,861	1,625,054	2,186,702
Less: Accumulated depreciation and amortization	<u>642,051</u>	<u>123,287</u>	<u>765,338</u>	<u>1,858,737</u>
Total	<u>\$ 847,142</u>	<u>\$ 12,574</u>	<u>\$ 859,716</u>	<u>\$ 327,965</u>

**Note 6 – Lease agreements**

During April 2000, WMF entered into a ten-year agreement for the rental of office space for its headquarters at 95 Madison Avenue. WMF was required to pay a base rent of \$357,000 in the first year of the lease, increasing to \$479,808 during the final year of the agreement. In connection with this lease, WMF has deposited \$408,000, as security with the landlord. WMF vacated this office in October 2010.

During June 2010, WMF entered into a ten-year agreement, with a commencement date in October 2010, for the rental of office space for its headquarters at the Empire State Building located at 350 Fifth Avenue. In connection with this agreement, WMF was granted a six-month rent abatement. Rent expense for the six-month abatement period will be recognized based on a pro-rata share of the total rent to be paid over the term of the lease. This amount is reflected as deferred rent on the statement of financial position and will be amortized at the rate of \$23,710 annually over the life of the lease as a reduction of rent expense. WMF is required to pay a base rent of \$497,920 for the first four and one half years, increasing to \$529,090 after four and one half years through the final year of the agreement. In connection with this lease, WMF has deposited \$264,520, as security with the landlord.

Rent expense under these agreements for the 2011 and 2010 fiscal years totaled \$503,167 and \$464,703, respectively.

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 6 – Lease agreements (continued)**

The minimum annual payments required under the lease agreements for WMF are as follows:

<u>Fiscal year</u>	
2012	\$ 497,920
2013	497,920
2014	497,920
2015	497,920
2016	529,040
2017 and thereafter	<u>2,380,680</u>
Total	<u>\$ 4,901,400</u>

During July 2009, the European office entered into a 12 year agreement for the rental of office space for its headquarters at the Hotel de Talleyrand. WMF is required to pay a face net rent of €75,497 less six months free rent and a construction rent credit of €20,200 both amortized over 12 years for an annual net rent of €69,329. The net rent of €69,329 shall be paid in quarterly installments in advance and equal to the US dollar equivalent at the exchange rate published in New York in the Wall Street Journal on the business day preceding the date of the payment. In connection with this lease, WMF has deposited €37,748 or \$47,299 as security with the landlord.

**Note 7 – Pension plans**

WMF has a 403(b) plan, which covers all eligible employees. Eligible employees can contribute to the plan, not to exceed annual limits established by the Internal Revenue Service (“IRS”). In addition, WMF will make contributions up to 5% of an employee’s compensation within \$54,000 and up to 9% of compensation above \$54,000. Pension expense for the 2011 and 2010 fiscal years totaled \$155,494 and \$188,689, respectively.

WMF also has a 457(b) plan, which covers certain key executive employees. Eligible employees are able to contribute to the plan, not to exceed annual limits established by the Internal Revenue Service. WMF may contribute to the plan annually. Expense in connection with the plan for fiscal year 2011 totaled \$5,455. There was no such expense during the 2010 fiscal year.

In addition, the Organization has a pension plan for its branch office located in France. For the 2011 and 2010 fiscal years, the cost associated with this plan totaled \$32,741 and \$33,663, respectively.

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2011**

**Note 8 – Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2011:

	<u>WMF</u>	<u>Subsidiaries</u>	<u>Consolidated</u>
Active Field Projects	\$ 16,942,205	\$ -	\$ 16,942,205
Affiliates' Field Projects	1,286,791	2,094,820	3,381,611
Partners' Field Projects	4,600,660	-	4,600,660
Education Field Projects	257,489	-	257,489
Project Awards	6,670,740	-	6,670,740
Endowment Funds	410,127	-	410,127
Total	<u>\$ 30,168,012</u>	<u>\$ 2,094,820</u>	<u>\$ 32,262,832</u>

**Note 9 – Permanently restricted net assets**

Permanently restricted net assets of \$21,629,113 at June 30, 2011 are restricted to endowment. WMF is permitted to use, in accordance with certain donor limitations, an amount not exceeding five percent of the fair market value of the assets based on a rolling five-year average. The amount expended, which is generated from the endowment investments and reflected as unrestricted, temporarily, and permanently restricted revenue, is approved annually by the Board. For the year ended June 30, 2011, the Board approved the appropriation of \$745,200.

**Note 10 – Tax status**

WMF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, WMF has been determined by the Internal Revenue Service ("IRS") to be a publicly supported organization and not a private foundation under the meaning of Section 509(a) of the Code. As of June 30, 2011, no amounts have been recognized for uncertain tax positions. WMF's tax returns for fiscal year 2008 and forward are subject to the usual review by the appropriate taxing authorities.

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 11 – Support expenses**

The following are the support expenses for the year ended June 30, 2011:

	WMF			Subsidiaries			Consolidated						
	Program	General and Administration	Fundraising	Program	General and Administration	Fundraising	Program	General and Administration	Fundraising				
Personnel costs, payroll taxes and employee benefits	\$ 2,731,199	\$ 881,203	\$ 679,133	\$ 4,291,535	\$ 127,624	\$ 42,541	\$ 115,713	\$ 285,878	\$ -	\$ 2,858,823	\$ 923,744	\$ 794,846	\$ 4,577,413
Legal	7,161	10,720	68,702	86,583	-	-	-	-	-	7,161	10,720	68,702	86,583
Accounting	2,609	26,680	-	29,289	-	18,616	-	18,616	-	2,609	45,296	-	47,905
Organizations and consultants	13,695,258	-	12,769	13,708,027	5,692,329	-	90,538	5,782,867	(2,201,451)	17,186,136	-	103,307	17,289,443
Office expenses, mailings, printing and field program materials	280,527	120,860	135,035	536,422	10,480	2,600	28,140	41,220	-	291,007	123,460	163,175	577,642
Information technology and website	116,545	59,427	54,501	230,473	9,533	3,182	12,938	25,673	-	126,098	62,609	67,439	256,146
Occupancy	446,518	182,157	110,894	739,569	26,103	8,701	23,666	58,470	-	472,621	190,858	134,560	798,039
Travel	225,486	7,681	12,693	245,860	6,085	765	1,871	8,721	-	231,571	8,446	14,564	254,581
Conferences, events and meetings	160,451	42,902	238,404	441,757	39,479	442	6,967	46,888	-	199,924	43,344	245,377	488,645
Depreciation	77,029	24,185	18,954	120,168	3,779	1,260	3,427	8,466	-	80,808	25,445	22,381	128,634
Insurance	-	30,252	-	30,252	2,799	852	2,317	5,968	-	2,805	31,104	2,311	36,220
<b>Total</b>	<b>\$ 17,742,783</b>	<b>\$ 1,386,067</b>	<b>\$ 1,331,085</b>	<b>\$ 20,459,935</b>	<b>\$ 5,918,231</b>	<b>\$ 78,959</b>	<b>\$ 285,577</b>	<b>\$ 6,282,767</b>	<b>\$ (2,201,451)</b>	<b>\$ 21,459,563</b>	<b>\$ 1,465,026</b>	<b>\$ 1,616,662</b>	<b>\$ 24,541,251</b>

**WORLD MONUMENTS FUND, INC.****Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011****Note 12 – Endowments**

WMF reports its restricted net assets in accordance with current accounting standards topic. On September 17, 2010, New York adopted a version of the Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”) to govern how not-for-profit organizations administer and manage endowment assets.

The Organization’s endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board. As required by accounting principals generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation**

The Organization follows the New York State Not-For-Profit Corporation Law (N-PCL) with respect to donor-restricted contributions. The Organization preserves the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as permanently restricted net assets at the original value of gifts donated to the permanent endowment, the original value of subsequent gifts, and explicit to donor stipulations changes in fair value, to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by N-PCL.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds
- (2) The purposes of the organization and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation

**WORLD MONUMENTS FUND, INC.**

**Notes to Consolidated Financial Statements (continued)**  
**June 30, 2011**

**Note 12 – Endowments (continued)**

- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

At June 30, 2011, endowment net assets composed by type of fund are:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
WMF-Donor-restricted endowment	\$ -	\$ 410,127	\$21,629,113	\$22,039,240
General endowment	152,422	-	-	152,422
Board-Designated endowment	<u>2,519,478</u>	<u>-</u>	<u>-</u>	<u>2,519,478</u>
Total funds	<u>\$ 2,671,900</u>	<u>\$ 410,127</u>	<u>\$21,629,113</u>	<u>\$24,711,140</u>

As of June 30, 2011 \$410,127 of temporarily restricted net assets are the result of permanently restricted activities.

The temporary restricted net assets also include project related restricted net assets as stated in note 8 that are not endowed. These temporarily restricted net assets are maintained in cash, cash equivalents, and contributions receivable and are not invested.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America (“GAAP”), absent explicit donor stipulations, deficiencies of this nature would be charged to unrestricted net assets. At June 30, 2011, there were no deficiencies.

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

**WORLD MONUMENTS FUND, INC.****Notes to Consolidated Financial Statements (continued)  
June 30, 2011****Note 12 – Endowments (continued)****Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on diversified asset managed mutual funds and equities to enhance its long-term return.

**Spending Policy**

The Organization has a policy of spending an amount not exceeding five percent of the fair market value of the assets based on a rolling five-year average from its permanently restricted funds allowable under the donor guidelines. This is consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through investment return and new gifts.

WORLD MONUMENTS FUND, INC.

Notes to Consolidated Financial Statements (continued)

June 30, 2011

Note 12 - Endowments (continued)

At June 30, 2011, the activity in the Board-designated, unrestricted, temporarily and permanently restricted endowment net assets is as follows:

	Unrestricted Board Designated			Unrestricted Named Fund			Temporarily Restricted			Permanently Restricted			Total Permanently Restricted		
	Board Designated General	Board Designated UK Mellon	Total Board Designated	General Endowment Fund	The Jewish Heritage Program Fund	Total Unrestricted Named Fund	The Jewish Heritage Program Fund	The Sara Shallenberger Brown Fund	Total Temporarily Restricted	General Endowment Fund	The Jewish Heritage Program Fund	The Paul Mellon Education Fund		The Sara Shallenberger Brown Fund	
Endowment net assets, beginning of year	\$ 1,692,929	\$ 503,216	\$ 2,196,145	\$ 47,668	\$ (32,158)	\$ 15,510	\$ 36,723	\$ 73,016	\$ 109,739	\$ 700,720	\$ 1,264,739	\$ 5,244,903	\$ 10,240,971	\$ 1,488,897	\$ 19,440,221
Investment return															
Interest and dividends	63,630	18,842	82,472	28,129	32,158	60,287	41,021	46,730	87,751	-	-	210,660	377,010	-	587,670
Realized (loss) on sale of investments	(165)	(49)	(214)	(73)	-	(73)	(106)	(120)	(26)	-	-	(560)	(998)	-	(1,558)
Unrealized gain on investments	246,114	72,778	318,892	108,959	-	108,959	126,727	180,039	306,766	-	-	839,862	1,491,844	-	2,322,706
Total investment return	309,579	91,571	401,150	137,015	32,158	169,173	167,642	226,649	394,291	-	-	1,040,962	1,867,856	-	2,908,818
Contributions and other	(1,307)	(389)	(1,696)	(578)	-	(578)	(842)	(954)	(1,796)	-	-	-	-	25,274	25,274
Appropriation of endowment for expenditure	(52,663)	(23,458)	(76,121)	(31,683)	-	(31,683)	(45,460)	(46,647)	(92,107)	-	-	(267,805)	(477,395)	-	(745,200)
Increase in net assets	255,609	61,724	323,333	104,754	32,158	136,912	121,340	179,048	300,388	-	-	773,157	1,390,461	25,274	2,188,892
Net assets, end of year	\$ 1,948,538	\$ 570,940	\$ 2,519,478	\$ 152,422	\$ -	\$ 152,422	\$ 158,063	\$ 252,064	\$ 410,127	\$ 700,720	\$ 1,264,739	\$ 6,318,060	\$ 11,631,432	\$ 1,514,171	\$ 21,629,113

**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in  
Accordance with Government Auditing Standards**

Board of Trustees  
World Monuments Fund, Inc.

We have audited the financial statements of the World Monuments Fund, Inc. (the "Organization") as of and for the year ended June 30, 2011 and have issued our report thereon dated October 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Organization in a separate letter dated October 17, 2011.

This report is intended solely for the information and use of the Board of Trustees and management of the Organization and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Condon O'Meara McBinty + Dowdell LLP

October 17, 2011

**Independent Auditors' Report on Compliance with  
Requirements that Could Have a Direct and Material  
Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

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**CONDON  
O'MEARA  
MCGINTY &  
DONNELLY LLP**

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Certified Public Accountants

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New York, NY 10004-1405  
Tel: (212) 661 - 7777  
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Board of Trustees  
World Monuments Fund, Inc.

**Compliance**

We have audited World Monuments Fund, Inc. (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 11-01, the Organization did not comply with requirements regarding Reporting that is applicable to its major federal program.

### Internal Controls Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal controls over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal controls over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls over compliance.

A deficiency in internal controls over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal controls over compliance is a deficiency, or combination of deficiencies in internal controls over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal controls over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management of the Organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Condon O'Meara McGinty + Donnelly LLP*

**WORLD MONUMENTS FUND, INC.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011**

<u>Federal Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Contract Award Number</u>	<u>Federal Expenditures</u>
U.S. Department of State:			
Babylon Project	19.025	61379	\$ 66,525
Phnom Bakheng Project	19.025	S-CB600-08-GR-046	399,289
Babylon Project	19.025	S-LMAQM-10-CA-081	<u>526,221</u>
<b>Total expenditures         of federal awards</b>			<b><u>\$ 992,035</u></b>

**WORLD MONUMENTS FUND, INC.****Notes to Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2011****1. General Information**

The accompanying schedule of expenditures of Federal awards presents the activities in all the Federal programs of World Monuments Fund, Inc. All Federal awards received directly from Federal agencies as well as Federal awards passed through other governmental agencies or nonprofit organizations are included on the schedules.

**2. Basis of Accounting**

The accompanying schedule of expenditures of Federal awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

**3. Relationship to Basic Financial Statements**

Federal program expenditures are reported in the statements of functional expenses as program expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards due to capitalization of assets, organizations matching or in-kind contributions.

**WORLD MONUMENTS FUND, INC.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: UNQUALIFIED

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      √   No

Significant deficiency(ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ Yes      √   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      √   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      √   No

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)? \_\_\_\_\_ Yes      √   No

Type of auditor’s report issued on compliance for  
major programs: UNQUALIFIED

Any audit findings disclosed that are required to be  
reported in accordance with Section 510(a) of  
Circular A-133? \_\_\_\_\_   √   Yes    \_\_\_\_\_ No

CFDA Number

Program Name or Cluster

19.025

United States Department of State-Babylon and Phnom  
Bakheng Projects

Dollar threshold used to distinguish between type A  
and type B programs:

  \$  300,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      √   No

**WORLD MONUMENTS FUND, INC.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

**Section II – Financial Statement Findings and Questioned Costs**

**None Reported**

**Section III – Federal Award Findings and Questioned Costs**

**Finding 11-01: Compliance With Reporting Requirements of the Federal Awards Agreement**

Federal Program: United States Department of State – CFDA 19.025

Criteria: According to the provisions of the federal awards agreement, the Organization is required to submit Federal Financial Report SF-425 on a quarterly basis, no later than 30 days after the end of the quarter. In addition, the Organization is required to submit Performance Progress Report SF-PPR on a semi-annual basis, no later than 30 days after the end of each semi-annual period.

Statement of Condition: For the year ended June 30, 2011, the Organization was late submitting the following required reports:  
 1) SF-425 for quarter ended September 30, 2010 – 15 days late  
 2) SF-425 for quarter ended December 31, 2010 – 2 days late.

In addition, to the best of our knowledge, the Organization did not file report SF-PPR for semi-annual period ended June 30, 2011.

Questioned Costs: None.

Cause: The Organization did not document a formalized system of compliance with reporting requirements for its federal awards.

Effect: Lack of identifying all specific compliance requirements and the related control procedures to ensure compliance increases the likelihood that non-compliance will occur.

Recommendation: We recommend that the Organization document its system of controls which will help ensure compliance with compliance requirements applicable to its major federal program.

**Management's response: There were circumstances surrounding the delays in submitting the SF-425 due to the government reporting system which were accepted by the Government's COTR. In addition, WMF was unaware of the requirement to attach form SF-PPR to submitted and accepted progress reports. WMF has implemented systems so all future required reports will be timely.**