TURKISH PHILANTHROPY FUNDS, INC.

FINANCIAL STATEMENTS

as of and for the Years Ended June 30, 2010 and 2009

and

Independent Auditors' Report

TURKISH PHILANTHROPY FUNDS, INC.

Financial Statements
As of June 30, 2010 and 2009

CONTENTS

DADIA VALLES VENDIOLA LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turkish Philanthropy Funds, Inc.
1036 Park Ave., Suite 15A
New York, NY 10028

We have audited the accompanying statement of financial position of Turkish Philanthropy Funds, Inc. ("TPF") as of June 30, 2010 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of TPF as of June 30, 2009 were audited by other auditors whose report dated October 7, 2009 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TPF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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 on our audit and the report of other auditors, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of TPF as of June 30, 2010 and its activities, cash flows, and functional expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Dadia Valles Vendiola LLP

Elmhurst, New York
August 31, 2010

TURKISH PHILANTHROPY FUNDS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2010 AND 2009

ASSETS

	2010	2009
Assets:		
Cash and cash equivalents	$ 9,767,669	$ 3,074,763
Investments, at fair market value	2,159,479	582,370
Unconditional promises to give, net of allowance for doubtful accounts of $10,000 in 2009	62,825	186,230
TOTAL ASSETS	$ 11,989,973	$ 3,843,363

LIABILITIES AND NET ASSETS

	2010	2009
Liabilities:		
Grants payable	$ 7,725	$ 27,725
Accrued liabilities	10,225	11,370
Total Liabilities	17,950	39,095
Net Assets:		
Unrestricted	10,620,973	2,535,843
Permanently restricted	1,351,050	1,268,425
Total net assets	11,972,023	3,804,268
TOTAL LIABILITIES AND NET ASSETS	$ 11,989,973	$ 3,843,363

See notes to financial statements.

TURKISH PHILANTHROPY FUNDS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Unrestricted	Permanently Restricted	Total 2010	Total 2009
Revenue and support:				
Contributions and grants	$ 8,385,645	$ 82,625	$ 8,468,270	$ 3,390,616
Investment income	78,477	-	78,477	20,537
Fees and miscellaneous	21,980	-	21,980	
Unrealized and realized gains (losses)			-	
on investments			-	
Realized gains (losses)	232,093	-	232,093	38,753
Unrealized gains (losses)	323,677	-	323,677	(1,345)
Realized gain on stock gifts	36	-	36	-
Total revenue and support	9,041,908	82,625	9,124,533	3,448,561
Expenses:				
Grants and Services to Charitable Organizations	787,709	-	787,709	900,495
Support Services:				
General & administrative	166,905	-	166,905	169,758
Development Expenses	2,164	-	2,164	7,194
Total support services	169,069	-	169,069	176,952
Total expenses	956,778	-	956,778	1,077,447
Increase in net assets	8,085,130	82,625	8,167,755	2,371,114
Net assets at beginning of year	2,535,843	1,268,425	3,804,268	1,433,154
Net assets at end of year	$ 10,620,973	$1,351,050	$11,972,023	$ 3,804,268

See notes to financial statements.

TURKISH PHILANTHROPY FUNDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	$ 8,167,755	$ 2,371,114
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Receipts from permanently restricted contributions	(82,625)	(1,048,425)
Net unrealized and realized (gains) losses on investments	(555,806)	(37,408)
Changes in assets and liabilities:		
(Increase) decrease in unconditional promises to give	123,405	(186,230)
(Decrease) increase in accrued expenses	(1,145)	6,370
(Decrease) increase in grants payable	(20,000)	7,725
Total adjustments	(536,171)	(1,257,968)
Net cash provided (used) by operating activities	7,631,584	1,113,146
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,053,945	685,045
Purchase of investments	(10,075,248)	(1,230,007)
Net cash provided (used) in investing activities	(1,021,303)	(544,962)
CASH FLOW FROM FINANCING ACTIVITIES		
Permanently restricted contributions	82,625	1,048,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,692,906	1,616,609
CASH AND CASH EQUIVALENTS, at Beginning of year	3,074,763	1,458,154
CASH AND CASH EQUIVALENTS, at End of year	$ 9,767,669	$ 3,074,763

See notes to financial statements.

TURKISH PHILANTHROPY FUNDS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Grants and Services to Charitable Organizations	Support Services			
	Foundation Activities	Management and General	Fundraising Activities	Total 2010	Total 2009
Grants	$ 779,298	$ -	$ -	$ 779,298	$ 897,495
Consultants and administration	-	101,596	-	101,596	97,200
Professional fees	-	14,067	-	14,067	23,352
Rent	-	24,000	-	24,000	20,000
Events & meetings	-	-	2,164	2,164	6,941
Travel	6,411	-	-	6,411	7,311
Insurance	-	1,172	-	1,172	3,198
Office expenses	-	9,481	-	9,481	7,856
Marketing	-	9,015	-	9,015	-
Provision for doubtful accounts	-	-	-	-	10,000
Miscellaneous	2,000	7,574	-	9,574	4,094
	$ 787,709	$ 166,905	$ 2,164	$ 956,778	$ 1,077,447

See notes to financial statements.

TURKISH PHILANTHROPY FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

(1) NATURE OF ORGANIZATION

Turkish Philanthropy Funds, Inc. ("TPF"), formerly Turkish Philanthropic Fund, Inc., is a not-for-profit charitable organization incorporated on February 1, 2007 in the State of Delaware. TPF was established for the purpose of enabling individuals, corporations, trusts and other entities, to make charitable contributions for the philanthropic support of programs and/or organizations in Turkey and in the United States.

TPF administers individual charitable funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made.

(2) SIGNIFICANT ACCOUNTING POLICIES

(a) INCOME TAXES

The Internal Revenue Service (IRS) has determined that TPF is a not-for-profit organization and a public charity described in the Internal Revenue Code (IRC) Section 501(c)(3) and is therefore, exempt from taxation on income, other than unrelated business taxable income, under IRC Section 501(a).

(b) BASIS OF PRESENTATION

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

(c) CONTRIBUTIONS

TPF accounts for contributions in accordance with ASC 820, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributions consist of outright cash and stock gifts received by the organization during the fiscal year and unconditional promises to give (over current and future years) made throughout the year. Unconditional promises to give are recorded at the time of the pledge and those payable between two to five years are discounted at an annual rate of 3 ½%.

(d) GRANTS

Grants to charitable organizations are expensed with approval of the Board of Directors of TPF.

(e) CASH AND CASH EQUIVALENTS

TPF considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

(f) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at fair values in the statement of financial position on a trade date basis. Unrealized gains and losses are included in the change in net assets.

(g) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services.

(h) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) INVESTMENTS

Investments are presented in the financial statements at fair market value and consist of the following as of June 30:

Description	2010	2009
Fixed income funds	$ 1,954,765	$ 96,836
Equities and equity funds	79,992	345,628
Commodity fund	124,722	139,906
	$ 2,159,479	$ 582,370

TURKISH PHILANTHROPY FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009
(continued)

(4) UNCONDITIONAL PROMISES TO GIVE
Unconditional promises to give consist of the following:

	06/30/10	06/30/09
Payable within one year	$ 45,625	$ 35,000
Payable between two and five years	17,200	161,230
	$ 62,825	$ 196,230
Less: Allowance for doubtful accounts	-	(10,000)
	$ 62,825	$ 186,230

The unconditional promise to give was net of discount of $7,175 and $18,770 at June 30, 2010 and 2009, respectively. An allowance for uncollectible promises has been established based on management's expectation of collectability.

(5) GRANTS PAYABLE
This represents the unpaid portion of the entire approved grant. It shall be payable upon satisfaction of the grantee of certain conditions pertaining to the grant.

(6) ECONOMIC DEPENDANCY
TPF receives the majority of its support from a small number of loyal contributors and board members. TPF's mission relies on the continued support from these individuals.

(7) CONCENTRATION OF CREDIT RISK
TPF maintains deposits at four institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) and Lloyd's of London. The deposits in one institution exceeded the insured amounts by approximately $ 6.4 million.

(9) SUBSEQUENT EVENTS
TPF adopted ASC 855, *Subsequent Events*, and evaluated its June 30, 2010 financial statements for subsequent events. TPF is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

(10) RELATED PARTY TRANSACTIONS
The Fund receives administrative support from an entity related to a member of the Board of Directors. The company paid this related party $46,500 in the fiscal year ending June 30, 2010.