

Romanian-American Foundation

6, Gina Patrichi Street,
010449, Bucharest 1, Romania
Tel.: + 4 0312 261 223
Fax: + 4 0312 261 230,
E: office@rafonline.org



**ROMANIAN - AMERICAN
FOUNDATION**
A gift from the American people

ANNUAL REPORT 2012

LETTER FROM THE ROMANIAN-AMERICAN FOUNDATION

Writing an annual report is always a moment of reflection and of gratitude: reflection upon what was important and unique in the year that passed, and gratitude for all the people that made it possible.

2012 was the third year of life of the Romanian-American Foundation. This past year was particularly important, since we felt that we moved from being a start-up and building the basics of the institution to a more operational phase. Last year saw the first transition of leadership of the Foundation, as Ida Schmertz concluded three strong years as foundation chairperson, a period of tremendous accomplishment for the Foundation board and staff thanks in large measure to Ida's insightful, dedicated leadership.

To mark this transition, this past winter we set time aside to examine where we are today and what we should build-on as we move forward. We conducted a review in a community-centric approach, a modus

operandi that reflects ever more strongly our core values and principles. This review, conducted by Mariana Milosheva and David Krushe and involving our partners and Foundation's trustees and staff, provided us with affirming insights that reinforced our method, and raised important challenges that we will work on together over the coming year. It also strengthened our determination to continue to look for hard answers about creating social change in Romania: how can we best, given our limited resources, honor our mission and role and how we will know if we succeed. This is a shared enterprise and a challenge, one that requires us to work in partnership with the community to which we belong.

In our day-to-day work, we saw the Romanian-American Foundation grow even stronger and successfully opening new paths for Romania's development. Our entrepreneurship programs provided the framework for successful models to emerge, models that an increasing number of

organizations seek to replicate. Significant steps were made towards advancing our interventions in improving education. New communities, either of practice or of living, found their voice and through the effective work of our partners and the community foundations, allow for people to contribute to the public good through civic participation and philanthropic acts.

We laid the foundation for a new venture that will eventually connect ambitious researchers and entrepreneurs, making sure that good ideas are reaching the marketplace and helping Romanian researchers and entrepreneurs stay connected to the newest trends in technology. "Innovation" is the new programmatic direction for RAF, and the Applied Research, Technological Innovation and Entrepreneurship (ARTIE) fellowship program, still on the drawing board at the end of 2012 but moving briskly into operation in the first half of 2013, focuses on investing in Romanian talent in areas where there is demonstrated international performance.

The Foundation also tested its capacity for rapid-response, undertaking an intervention in early 2012 to assist a brilliant group of Romanian students to finish their studies abroad. The story is covered later in the report, and we want to acknowledge once again all the volunteers from the business and banking community who helped us think this through and worked alongside with us to make this possible.

We are looking forward to the coming future. There is much work to do to help build Romania's social and economic systems. RAF must be a thoughtful investor in this process, both in the short run and over the long haul. As leaders of RAF during this period of its growth and maturation, further deepening its reputation as a source of ideas and as a symbol of Romanian and American partnership, we look forward to working with our partners throughout Romania to create the democratic, prosperous society we all aspire to.

Philip Henderson
Chair of RAF's Board of Trustees

Roxana Vitan
Executive Director

WHO WE ARE

The Romanian-American Foundation works to support Romania's development by creating dynamic educational, entrepreneurial, and community-based opportunities to generate social and economic change towards a democratic, prosperous society.

In only three short years the Romanian-American Foundation has become an instrumental donor in Romania. Led by a team of enthusiastic, dedicated and talented Romanian and American professionals, the Foundation team works with partner organizations who share the same vision and values.

HISTORY

The establishment of the Foundation in 2009, following approval by the US Congress, was made possible by the success of the Romanian-American Enterprise Fund (RAEF) after over 15 years of active presence in Romania. RAEF was founded in 1994 with a \$50 million grant from the United States government as part of an initiative to support Romania's transition to a free-market economy. RAEF succeeded in combining investment and development activities that led to the creation of the Foundation's current endowment of \$50 million, which is expected to grow to over \$100 million.

41 COUNTIES

17

PARTNER NGOS

+750

TOWNS THROUGHOUT ROMANIA

+\$6,275,000

IN GRANTS AND
PROGRAM RELATED INVESTMENTS (2009-2012)

+\$155,000

SAVED BY ORGANIZATIONS WHOSE
COMMUNITY-BUILDING EVENTS WERE HOSTED
FOR FREE AT THE RAF HOUSE

HOW WE WORK

Led by the Foundation staff in Bucharest and an international board of directors, the Romanian-American Foundation makes social investments in the areas of entrepreneurship, education, community development, and innovation. We support initiatives that can have a broad impact, with strong potential for replication.

The Foundation seeks to collaborate over the long term with leaders and innovators who share our passion to produce a significant change in our specific areas of interest. The Romanian-American Foundation works closely with partners to create and deliver impactful, sustainable programs while fostering creative, entrepreneurial institutions and individuals who can help Romania achieve a thriving society with excellence and opportunity for all.

Our partners are established organizations with strong leadership, relevant track records, excellent reputation, sound operations and policies, and core permanent staff.

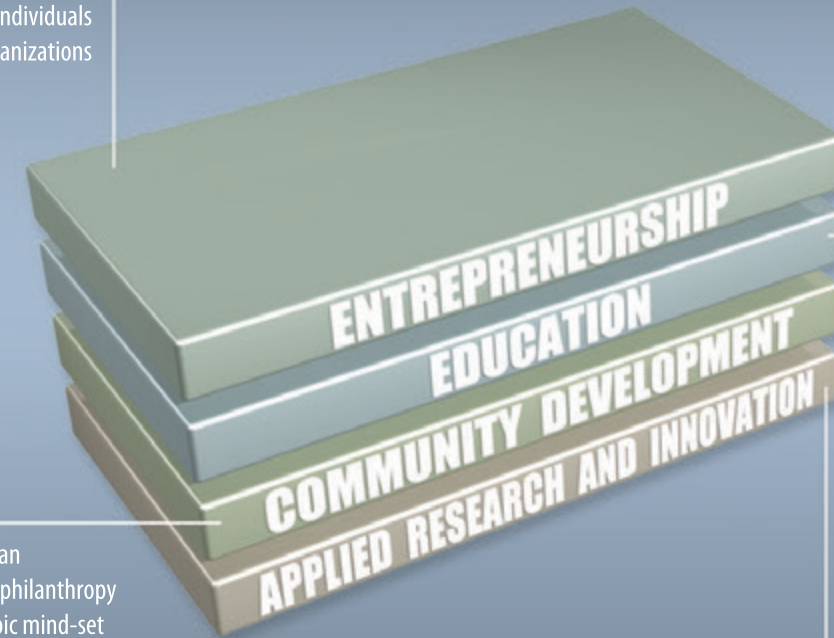
In general, programs are funded by invitation only. Those interested in working with our organization may contact RAF to discuss ideas for potential initiatives. All proposed programs go before RAF's full Board of Trustees for approval.

Working to increase the entrepreneurial skills and "can-do" attitudes of individuals and organizations

Improving the quality of educational process

Working to build an infrastructure for philanthropy and a philanthropic mind-set

Encouraging people to develop next generation technologies, marketable applications and new businesses



ENTREPRENEURSHIP

ENCOURAGE AND SUPPORT ENTREPRENEURIAL INITIATIVES

Entrepreneurship is essential for development, since it is about pioneering, breaking new ground, and bringing original ideas to life in a complex and ever-changing marketplace. It brings about passion, recognition of new talent and follows vision, allowing new ideas to become innovations, and innovations to become long-term economic growth.

RAF works closely with partner organizations to support and promote social and community-based enterprises, assists NGOs in becoming sustainable and encourages entrepreneurial initiatives among NGOs as an alternative to traditional philanthropic funding.

ENTREPRENEURSHIP PROGRAMS

Rural Entrepreneurship Programs

CEED, PACT, FDSC, CIVITAS, CMSC, CRPE | \$ 519,418 / 3 years

Green Entrepreneurship Program

REPF and CEED | \$ 539,411 / 3 years

Social Enterprises Program

NESsT | RAF Contribution: \$500,000 / 4 years



Building entrepreneurial capacity for individuals and organizations is the basis of the entrepreneurship and community development programs. An entrepreneurial mind-set, skills and practices are essential for changes to happen and to be sustainable.

RAF believes that **social venture start-ups** (cooperatives, community-based social enterprises) can become engines for local economic development, benefit the community and groups they support, as well as provide new ways to bolster NGO sustainability and enable them to continue their social investment work. RAF trusts that income generating activities add socio-economic value to the local heritage and can be a viable tool for the long run.

Fostering an entrepreneurial environment is part of a long term vision for entrepreneurial development. Each program is built collaboratively and fosters a gradual transformation of the local mindset. What results are communities of like-minded change-makers who are equipped with new knowledge and effective practices. Supported models like green and rural enterprises and associations have emerged from NGO and business partnerships whose participants believe in the power of innovative models and approaches to create change.

Green Entrepreneurship Program

This program supports the initiation and development of social enterprises based on the natural and cultural resources existing in small communities that still preserve a traditional way of life and hold great economic potential. Income generating activities can add socio-economic value to the local heritage and can be used as a sustainable tool for long-term conservation and development.

- 7 Green Enterprises developed
- +250 seasonal and permanent jobs created

Social Enterprises Program

Supporting the development of social enterprises creates economic opportunities and employment for marginalized communities and promotes social entrepreneurship as a model for sustainable development of NGOs in Romania.

- 15 Social Enterprises received management support; of those, 8 received development grants

“We try to create the best opportunities for entrepreneurial initiatives to grow roots, to help people acknowledge their potential and put together their resources for their future. It is quite a challenge but we are proud to be in this endeavor with our great partners.”

ROMEO VASILACHE, PROGRAM DIRECTOR, ENTREPRENEURSHIP



Center for Ecotourism Rowmania launch



NESsT - Social Enterprises Day 2012

Rural Entrepreneurship Program

Designed to enable small and semi-subsistence farmers to learn how to gain access to capital and spur economic growth, this program consists of three key components: basic business training for farmers, rural associations, and public policy.

The training component covers 40 rural communities and our pro-bono partners from micro lending institutions are joining sessions for presentation and advice to farmers.

The second program component aims to stimulate rural producers' associations, by piloting an intervention model with an integrative approach, including community facilitation, building local capacity and knowledge, enhancing access to capital.

Preliminary results provided a basis for policy consultative discussions, and recommendations were included in the initial documentation in preparation of Romania's 2014-2020 National Plan for Rural Development.

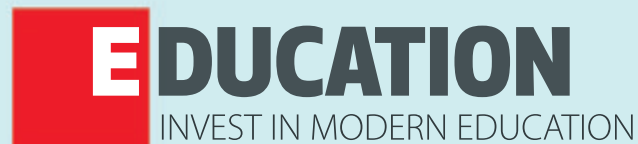
Our partners in this endeavor have extensive grassroots experience, excellent track records in rural economic development and community facilitation, sound research and rural policy analysis skills and experience in working with local and central administrations.

RESULTS

In 2012 RAF created partnerships with five of the most successful micro lenders and, together with CEED, identified economically active rural communities open to change and organized the first training sessions. PACT, CIVITAS, FDSC and CMSC identified six rural communities that entered the association/cooperative formation process, which led to six business plans proposals. Based on this grass roots experience and research, two policy reports were written by CRPE and debated upon, providing stakeholders with relevant documentation.



Farmer from Bărbulețu



Education is the keystone in any modern society. It is through education that we ripen tomorrow's workforce, civic activists and future leaders. We advocate access to quality education for all students and promote an education system that successfully combines theoretical notions with practical approaches.

Today's Romania needs a population endowed with fundamental knowledge and the key skills required to integrate and operate successfully on competitive labor markets. Educated citizens help move society forward by generating economic growth, getting actively involved in civic issues and promoting equal opportunities for all.

Our work to increase access to and improve the quality of education brings together teachers, students, schools, organizations and public institutions throughout Romania, in an effort to establish a collaborative and comprehensive education system to meet the current labor force needs and to contribute to Romania's development.

RESULTS IN 2012

1,855

SCHOOLS IN OVER 200 LOCATIONS
THROUGHOUT ROMANIA

+ 5,000 TEACHERS AND
150,000 STUDENTS

REACHED BY SUPPORTED INITIATIVES AND CAMPAIGNS

It is our strategic objective to enable the Romanian community of visionary educators to reform the education system. In this new paradigm, students gain the knowledge, skills, attitudes, and values necessary for each and every one of them to be successful and responsible citizens that bring added value to the communities they live in, contribute to a more democratic society and create a prosperous economy.

To fulfill our strategic objective, we finance education programs along the following strategic directions:



We nurture and support transformational initiatives in education that are bound to produce significant results and address the problems at their roots: building the competencies of the young to be successful professionally, personally, and in the community at large; and making schools a dynamic environment connected to the community that provide quality education.

We help catalyze new ideas in education. We focus on building expertise, debating ideas on education, supporting innovators to find ways to change the education system as society transforms itself.

For these purposes, we engage communities that contribute with additional human, financial and networking resources.

Entrepreneurial Education in Small Town Schools

Junior Achievement Romania
\$ 325,500 / 3 years | Start: October 2009

Youth Leadership Rural Program

Fundația CODECS pentru Leadership
\$ 68,000 / 2 years | Start: September 2010

Career Counseling

Asociația Alternative Sociale (AAS)
\$ 484,080 / 3 years | Start: December 2010

Impact Program

Fundația Noi Orizonturi (FNO)
\$ 332,965 / 26 months | Start: December 2010

Improving Mathematics Education

Societatea de Stiințe Matematice din Romania (SSMR)
\$ 506,729 / 3 years | Start: March 2011

RAF Lead Investor in the Nationwide Fundraising Campaign Invest in Education!

Junior Achievement Romania (JAR)
\$ 165,000 / 1 year | Start: June 2011



Company of the Year 2012



IMPACT National Seminar



Career Counseling Program



Winners of Viitorii Olimpici contest



Restart Edu unConference

Science Curriculum Reform

Centrul Educația 2000+ (CEDU)
\$ 442,348/ 2 years | Start: November 2011

RAF Education Innovation Challenge

TechSoup Romania (TSRO)
\$ 121,461/ 19 months | Start: November 2011

Enterprise Challenge – National Program for Entrepreneurship Competencies at Ages 15 to 19

Junior Achievement Romania (JAR)
\$ 290,000 / 3 years | Start: July 2012

School Development and Effectiveness – New Context, New Challenges

Centrul Educatia 2000+ (CEDU)
\$ 341,280 / 18 months | Start: July 2012

Student Emergency Response

60 Individual grants: \$341,905 disbursed | Start: February 2012

Total Education
(2009-2014)

\$3,477,268



“It’s always impressive to see passion in people’s work. In education, it’s even more amazing as a passionate teacher can improve the lives of tens and hundreds of children. This is what we try to achieve at RAF: to support those passionate educators willing to innovate in education to the benefit of more and more children”

SUZANA DOBRE, EDUCATION PROGRAM DIRECTOR

RAF believes that harnessing creativity and love for science starts early in school. **Science Curriculum Reform (CEDU)** and **Improving Mathematics Education (SSMR)** bring together teachers, trainers and education specialists to improve teaching methodologies for mathematics and physics.

The ultimate scope of education is that each child should reach their own potential. The **Career Counseling Program (AAS)** trains teachers to provide career guidance and counseling to their students, who then learn to take advantage of educational opportunities to in the labor market and better manage their career path.

Today’s students are tomorrow’s leaders. The **Youth Leadership Rural Program (CODECS)** has offered students the opportunity to develop and practice valuable leadership skills, such as teamwork, public speaking, building and maintaining relationships, and delivering strong messages.

‘Learning-by-doing’ is a valuable method used in JAR and FNO programs. The model of **entrepreneurial education** implemented by Junior Achievement Romania stands out as an effective and efficient one reaching out to tens of thousands children who can explore their future prospects through hands-on entrepreneurial experiences.

Civic activism meets education in FNO’s **IMPACT Clubs**. This is a model of non-formal education consolidating essential skills such as team-work, project management, communication etc., in the form of community service projects in which students find and deliver solutions for problems in their communities.

“At school we learn different subjects, but here we learn to be better”

THE MUȘATINII IMPACT CLUB, ROMAN, IAȘI COUNTY

The RAF education programs also assist schools in better connecting to their communities. Together with our partners CEDU (project: **School Development and Effectiveness – New Context, New Challenges**) and FNO (project: **IMPACT - Mainstreaming Non-Formal Education in Romania**) we work with schools to build a close relationship with the local community, and to support both teachers and administrators rethink the way schools work, enabling them to offer a wider range of learning opportunities to students.

The **Education Innovation Challenge** (TechSoup Romania and CROS) has been a competitive call for ideas in education to be developed into full projects at relatively low costs, complemented by talented university students majoring in IT, mobilized and coached by Microsoft. The program is raising awareness on the importance of innovation of education and it allows for meaningful interaction between students, young professionals, educational experts, IT&C experts, entrepreneurs and media.

C COMMUNITY DEVELOPMENT

HELP COMMUNITIES GROW

Building on its interest in entrepreneurial approaches and non-profit sustainability, RAF invests in **philanthropy development** through three complex programs that build long-term capacity and create tools for community and individual participation.

The *Community Foundations* movement and the *Easy Giving* donation platform are programs implemented in partnership with Asociația pentru Relații Comunitare (ARC) and are highly effective ways of encouraging and supporting philanthropic behavior on the part of the general public. Community foundations represent a solid backbone for local philanthropy. www.donatie.ro is a simple, user-friendly, transparent tool for donating to a local NGO. A new strategic partnership with ARC and community foundations gives that endeavor a boost by making this promise: *donate and your donation will double!*

COMMUNITY DEVELOPMENT PROGRAMS

Community Foundations Program

Asociația pentru Relații Comunitare in partnership with Fundația pentru Parteneriat and Fundația PACT | \$150,000 / 3 years (2010-2012)

Community Foundations Challenge Fund (announced in 2012, fundraising starting in 2013)

Pro bono partner: Asociația pentru Relații Comunitare
\$300,000 / 3 years (2014 – 2016) | \$100,000/year, up to a \$10,000 each community foundation

Easy Giving Program (www.donatie.ro powered by RAF)

Asociația pentru Relații Comunitare in partnership with major banks and the mobile phone companies | \$198,700 / 2 years

+\$550,000

OFFERED BY COMMUNITY FOUNDATIONS
AS DIRECT SUPPORT TO COMMUNITIES
(IN GRANTS, SCHOLARSHIPS,
AND COMMUNITY RENOVATION PROJECTS)

\$1.1 million

RAISED THROUGH
COMMUNITY FOUNDATIONS INITIATIVES

+30,000

INDIVIDUAL DONORS

+\$600,000

RAISED IN 8 MONTHS FROM

+300,000

PEOPLE ON WWW.DONATIE.RO

8

ACTIVE
COMMUNITY
FOUNDATIONS



Community foundations are locally driven and resourced grant-making organizations, working to develop their geographic communities. They galvanize community spirit, leadership and develop philanthropy, offering support on a wide range of issues such as education, environment, culture, youth, health, etc.

To help consolidate the fledgling community foundations movement, RAF launched a new Challenge Fund to match the contributions raised by community foundations from individual donors. This new initiative aims to stimulate individual donations to community foundations, through a matching funds mechanism.

The Easy Giving Program, developed and operated by ARC in partnership with six major banks and three mobile phone companies is a platform that allows Romanian NGOs to become sustainable by raising funds from a large number of individuals using recurring monthly donations (direct debit) and SMS donations.

INNOVATION / ARTIE

SMART PEOPLE INNOVATING SMART OBJECTS FOR A BETTER WORLD

In 2012, RAF has laid the foundation for a new strategic initiative: Applied Research, Technological Innovation and Entrepreneurship (ARTIE), to be launched in early 2013. ARTIE focuses on investing in Romanian talent in areas where there is demonstrated international performance, connecting people to the newest trends in technology, helping Romanian researchers and entrepreneurs commercialize their ideas, and addressing societal needs by choosing projects with clear, concrete, and measurable outcomes.

RAF will invest \$1.5 million in grants to fund applied research and to support emerging models of commercialization innovation.

“At RAF, we are very passionate about ARTIE; it has become a symbol for innovation in itself. We want researchers to find the process for becoming fellows to be very smooth, inclusive and attractive. Because ARTIE is about smart people innovating smart objects in a highly interconnected world, our community of RAF Fellows will have many knowledge and experience sharing events.”

PAULA APREUTESEI, ARTIE FELLOWSHIP PROGRAM DIRECTOR



The ARTIE Fellowship Program will embrace the newest technological trends, like the Internet of Things, offering the opportunity for applied researchers and entrepreneurs to collaborate in building smarter things, a smarter environment, and a smarter planet. The ARTIE Fellowship Program will result in a strong community, reaching approximately 250 people and 50 direct beneficiaries.

Besides offering grants, the program provides community support by forging connections with professors and institutions abroad (including the Romanian diaspora) and by building an ecosystem that includes a variety of stakeholders, including successful entrepreneurs, investors, government officials, and other researchers already engaged in existing projects in Romania.

PROGRAM-RELATED INVESTMENTS

RAF is using a unique business model to satisfy its mandate to promote private sector development and philanthropy: Program-Related Investments (PRIs). The program employs soft loans and repayable grants to support the cash flow of qualified Romanian organizations that have charitable purposes aligned with RAF's mission.

RAF is the first foundation in Romania to offer Program Related Investments, a financial instrument adapted from the business world that is opening new paths, is promoting innovation and supporting financial sustainability.

BORROWERS

Fundația Motivation Romania: Cash-flow loan for the social enterprise

\$24,000 / 3 years / 0% Start: January 2011

CEED: Cash-flow for European Project

\$200,000 / 2 years / 0% Start: December 2011

FDSC: Mortgage for headquarters acquisition

\$320,000 / 4 years / 0% Start: February 2012

FDSC: Cash – flow for European Project

150,000 / 1 year / 0% Start: December 2012

Asociația Alternative Sociale: Cash – flow for European Project

\$100,000 / 1.4 years / 0% Start: December 2012

Guarantee and Cash Collateral for Student Loans: for maximum 25 student loans

\$450,000 / 7.5 years -- \$93,500 disbursed

EMERGENCY GRANTS AND STUDENT LOANS

In 2012, RAF proved that it is able to respond to emergency situations both quickly and strategically. Following the disruption of the scholarship programs funded by the Patriciu Foundation, RAF decided to step in and offer financial support to the scholarship recipients, so they wouldn't have to interrupt their studies before the end of the academic year.

As a first step, RAF offered emergency grants to the 79 Romanian students abroad, to finance the second semester of the 2012 academic year. The law firm Badea Clifford Chance joined efforts with RAF by offering pro bono legal assistance.

“RAF was the only organization in Romania to contact me and offer real financing solutions for myself and my fellow Romanian scholarship recipients who study at other prestigious universities throughout Europe”

OCTAVIAN GANEA, MA PROGRAM STUDENT AT ECOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE, SWITZERLAND

Secondly, RAF structured student loans in cooperation with Raiffeisen. Based on RAF guarantee and cash collateral, the willing students part of the initial group received student loans from Raiffeisen with grace period for the academic year plus six-months after graduation.

We would like to acknowledge the valuable support we received from Steven van Groningen and his wonderful team at the Raiffeisen Bank: Radu Topliceanu, Anca Otilia Nutiu, Daniela Trandafir, Guller Asan, and Antoaneta Narcisa Gheorghe. We hope that our joint effort paved the way for the bank to pilot this product and hope that student loans will become part of the product portfolio in the future. As a “give back to Romania”, RAF invited the students to volunteer. They can choose from a diverse range of programs: “Science Squad”- focused on mathematics and science, “Green and Social” - supporting social or community enterprises, or “Think Tanker” – analyzing various philanthropic models of intervention. The “free lancers” can get involved with various organizations active in one of the RAF areas of intervention. Most of the students responded enthusiastically and participated in these programs, which fostered a hopeful, enduring connection between them and Romania while they are abroad. This is significant in an era when Romania is losing many of its best and brightest to opportunities outside the country.

RAF HOUSE

A HOME FOR IDEAS TO GROW

RAF House is the tangible proof of our long-term commitment to work with our partners to achieve our common goals. It is within our home that we welcome partner organizations to hold meetings and organize events in line with our mission, free of charge. We envisage the 1932 period villa as the home whose doors are always open for our civil society fellows to come together, address problems and discuss ways of introducing relevant issues on the public agenda. It gives us a true sense of belonging to a community of people sharing the same values of democracy, entrepreneurship, sustainability, access to opportunity, and partnership.

“RAF House speaks about us, about our partners, and about all the great things we are all doing for the public good.”

ROXANA VITAN, RAF EXECUTIVE DIRECTOR

RAF House is also home to three organizations, to which it provides free office space:

- Fundația Comunitară București
- TechSoup Romania
- Fundația GRASP

45

ORGANIZATIONS HOSTED THEIR
EVENTS IN THE RAF HOUSE,
FREE OF CHARGE

170

EVENTS HELD IN 2012 ALONE,
GATHERING OVER 5,000 PARTICIPANTS

\$155,000

IN-KIND CONTRIBUTION TO OUR PARTNER'S EVENTS



“For the Akcees team, the RAF House was a home where we were always received with generosity and where we always found support for our efforts to contribute to the development of a new generation of young entrepreneurs in Romania. This support contributed to the success of the events we organized and we are grateful to the wonderful people at the RAF for allowing us to meet and put our plans into practice and turn our dreams into projects with significant impact on young people.”

IRINA SCARLAT, EXECUTIVE VICE-PRESIDENT - AKCEES EDUCATION



Deloitte Audit S.R.L.
Sos. Nicolae Titulescu nr. 4-8,
Intrarea de est, Etajul 3,
Sector 1, 011141, Bucuresti
Romania

Tel: +40 21 222 16 61
Fax: +40 21 222 16 60
www.deloitte.ro

Reg. Com. J40/6775/1995
C.U.I. 7796524

To the Board of Trustees of the
Romanian-American Foundation
New York, NY

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of the Romanian-American Foundation and its subsidiary (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte Audit SRL
Bucharest, Romania
April 8, 2013

ROMANIAN-AMERICAN FOUNDATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 AND 2011

	December 31, 2012	December 31, 2011
ASSETS	\$	\$
Investments, at fair value (Notes 3 and 5):		
Mutual Funds – Equity	23,304,094	20,952,918
Mutual Funds – Fixed Income	13,891,008	18,671,687
Mutual Funds – Other	6,247,520	3,684,166
Cash and cash equivalents (Note 3)	4,218,557	3,106,905
Program related investments, committed (Note 3)	713,000	224,000
Prepaid expenses and other assets (Note 3)	13,084	37,349
Property and equipment, net (Note 7)	3,767,550	3,916,910
Total Assets	52,154,813	50,593,935
LIABILITIES AND UNRESTRICTED NET ASSETS		
Accounts payable and accrued expenses	42,319	41,767
Program related investments, payable (Note 3)	245,000	180,000
Grants payable (Note 3)	1,414,337	1,491,609
Total Liabilities	1,701,656	1,713,376
Unrestricted Net Assets (Note 2)	50,453,157	48,880,559
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	52,154,813	50,593,935

The accompanying notes are an integral part of these consolidated financial statements

ROMANIAN-AMERICAN FOUNDATION CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Year ended December 31, 2012	Year ended December 31, 2011
Changes in net assets:	Unrestricted	Unrestricted
	\$	\$
INCOME		
Interest and dividend income (Note 5)	848,534	568,003
Support and Contribution income - Romanian-American Enterprise Fund (Note 4)	-	51,960,362
Total income	848,534	52,528,365
EXPENSES		
Employee compensation and benefits	337,387	311,237
Occupancy expenses	138,472	109,989
Professional services	134,190	108,285
Trustees' expenses	151,321	109,068
Administrative and other	131,380	66,533
Depreciation and amortization	151,606	117,335
Total operating expenses	1,044,356	822,447
Grants (Note 6)	(1,966,242)	(1,408,615)
Income in excess of grants and expenses	(2,162,064)	50,297,303
Net realized gain on investments (Note 5)	(938,015)	203,082
Net unrealized losses on investments (Note 5)	4,670,931	(3,918,783)
Net currency remeasurement (losses)/ gains	1,746	(4,143)
Total increase in unrestricted net assets	1,572,598	46,577,459
Unrestricted net assets, beginning of year	48,880,559	2,303,100
Unrestricted net assets, end of the year	50,453,157	48,880,559

The accompanying notes are an integral part of these consolidated financial statements

	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash flows from operating activities:	\$	\$
Increase in unrestricted net assets	1,572,598	46,577,459
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Net realized (gain) loss on investments	938,015	(203,082)
Net unrealized (gain) loss on investments	(4,670,931)	3,918,783
Depreciation and amortization	151,606	117,335
Decrease (increase) in program related investments, assets	(489,000)	(224,000)
Decrease (increase) in program related investments, payables	65,000	180,000
Increase in grants payable	(77,272)	259,153
Decrease (increase) in prepaid expenses	24,265	6,676
Non-cash contribution from RAEF - land donation	-	(537,273)
Increase in accounts payable and accrued expenses	552	20,542
Net cash provided by operating activities	(2,485,167)	50,115,593
Cash flows from investing activities:		
Proceeds from sales of investments	22,885,200	750,000
Cost of investments purchased	(19,286,134)	(47,774,473)
Cost of building improvements	-	(49,158)
Cost of fixed assets	(2,247)	(172,425)
Net cash used in investing activities	3,596,819	(47,246,056)
Net increase in cash and cash equivalents	1,111,652	2,869,537
Cash and cash equivalents, beginning of year	3,106,905	237,368
Cash and cash equivalents, end of year	4,218,557	3,106,905

The accompanying notes are an integral part of these consolidated financial statements

1. ORGANIZATION

The Romanian-American Foundation (the Foundation) is a United States ("U.S.") not-for-profit corporation originally filed in the State of Delaware on October 24, 2008 and thereafter amended and restated in its incorporation on September 29, 2009 pursuant to an agreement between the Romanian-American Enterprise Fund ("RAEF" or the "Fund") and the U.S. Government. The Foundation was formed to advance the purposes of the U.S. Foreign Assistance Act of 1961 and of the U.S. Support for East European Democracy act of 1989 (SEED Act) by building upon the programs established by the Romanian-American Enterprise Fund by furthering the development of the private sector through education, entrepreneurship and private sector philanthropy and volunteerism in Romania. The Foundation shall be operated as a perpetual endowment.

The Foundation is capitalized with an endowment through a grant from the Fund. The Fund pays or transfers to the Foundation certain "RAEF proceeds", such payments or transfers constituting in the aggregate the endowment of the Foundation (see Note 4). The original source of the grant funds provided by the Fund to the Foundation is the U.S. Government acting through USAID and the funds provided through the Foundation are therefore a gift from the American people to the citizens of Romania.

The Foundation's mission is to be an effective leadership organization that strengthens and promotes conditions for a sustainable market economy and a democratic society that provide access to opportunities for all segments of the population in Romania. The Foundation aims to enable people and organizations in Romania to take advantage of the opportunities presented by globalization and membership to the European Union.

The Foundation allocates its resources to support several main program areas: Initiatives in Education, Community Development, Entrepreneurship and Job Creation in the Non-Profit Sector.

1. ORGANIZATION (continued)

The Foundation use two approaches to fund its program strategies: grants and program related investments. The Foundation generally seeks an external program manager to execute the objectives of each individual grant, thereby leveraging the Foundation's resources. The Foundation also consider using program related investments, such as loans and repayable grants, to support the cash flow of qualified NGOs or other categories of individuals or organization, which have charitable purposes aligned with the Foundation's mission. The Foundation does not have ownership or control of the external program managers.

The Foundation maintains offices in New York, NY, U.S.A. and in Bucharest, Romania, with the majority of the Foundation's operations performed through its direct hiring personnel in Romania. During fiscal year 2010 the Foundation initiated the legal procedures to incorporate a Romanian legal entity with its official name Fundatia "Organizatia Nonprofit Romanian-American Foundation" Romania ["RAF Romania"]. RAF Romania was legally formed and incorporated on January 11, 2011. The consolidated financial statements of the Foundation include RAF Romania for the years ended December 31, 2012 and 2011.

2. BASIS OF PRESENTATION

The Foundation prepares its consolidated financial statements in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Foundation's consolidated financial statements are reported on a US dollar basis, the Foundation's functional and reporting currency.

The Foundation is required to classify information regarding its financial position and activities into certain classes of net assets:

2. BASIS OF PRESENTATION (continued)

Temporarily restricted net assets: Contributions to the Foundation are reported as temporarily restricted net assets if received with donor stipulations that limit the use of the contribution. When a donor restriction expires, i.e. when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Foundation did not receive any of such contributions.

Permanently restricted net assets: Contributions to the Foundation are reported as permanently restricted net assets if received with donor stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. The Foundation did not receive any of such contributions.

Unrestricted net assets: Unrestricted net assets are those net assets that are not restricted by donor imposed stipulations. Pursuant to the Grant Agreement between the Fund and the Foundation (see Note 4), at December 31, 2012 and 2011 the entire balance of net assets received from the Fund are classified as unrestricted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**USE OF ESTIMATES**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONSOLIDATION

The operations of the Foundation's Bucharest office are primarily managed through a wholly owned and consolidated subsidiary RAF Romania. The accompanying consolidated financial statements reflect the consolidation of the accounts of the Foundation and RAF Romania. All material intercompany transactions and balances have been eliminated in consolidation.

INVESTMENTS, AT FAIR VALUE

The Foundation engages professional investment managers who make investment decisions according to the Foundation's investment policy and monitor the Foundation's investments. The Foundation's investments are managed through an investment management account (the "managed account") with J.P.Morgan Chase Bank, N.A. (the "investment manager"). Interest and dividend income earned and unrealized and realized gains and losses on investments are reported in the consolidated statement of activities. See Note 5 for fair value of investments.

In 2011 the Foundation adopted Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 820 "Fair Value Measurements". ASC 820 (i) defines fair value, (ii) establishes a framework for measuring fair value under current accounting pronouncements that require or permit fair value measurement and (iii) enhances disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in such asset's or liability's principal or most advantageous market, in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date;

Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value can be determined through the use of models or other valuation methodologies; and

Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes its own estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The inputs into the determination of fair value require significant judgment. Due to inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets and liabilities existed.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Certain instruments are valued using the net asset value ("NAV") of the investment vehicle.

The following is a description of the valuation methodology used for the Foundation's investments carried at fair value, including the general classification of such instruments within the valuation hierarchy:

Mutual Funds: The Foundation's investments consist of public mutual funds, valued using the NAV. The NAV for these funds is based on quoted prices in an active market with no redemption restrictions and, as such, are classified within Level 1 of the fair value hierarchy.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONCENTRATION OF RISK

The Foundation's investments are held in a managed account with J.P.Morgan Chase Bank N.A.. The managed account seeks income and capital growth as well as preservation of principal. It is intended to have an average level of risk and may experience moderate levels of volatility, therefore the risk tolerance of the managed account is moderate. The Investment Policy Statement (IPS) agreed upon with the investment manager states a long term perspective strategic allocation by asset classes of 50% total Equity, 9% total Alternative Assets and 41% total Fixed Income and Cash. The IPS also states ranges around the strategic allocation for each asset class: 35.00 – 65.00% total Equity, 0.00 – 24.00% total Alternative Assets and 26.00 – 56.00% total Fixed Income and Cash. On a periodic basis, the actual allocation is compared to the strategic allocation and the investment manager rebalances the portfolio if the actual allocation is outside the strategic allocation ranges.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2012 the Foundation held cash and cash equivalents of \$3,300,629 with two large United States commercial banking institutions and \$912,650 with one large European commercial banking institution, which includes cash held in foreign currencies valued at \$76,389. In addition, as of December 31, 2012, the Foundation held petty cash in foreign currencies valued at \$5,278.

PROGRAM RELATED INVESTMENTS (PRI)

Program related investments are repayable grants and loans signed with Romanian non-governmental organizations. The PRIs are recorded in the consolidated statements of financial

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

position as assets when repayable grants and loans are approved in accordance with policies set by the Board of Trustees, negotiations have been finalized with the borrower, and the parties have signed the repayable grant or loan agreement. In practice, the Foundation generally disburses repayable grants and loans to borrowers over time, as funds are required to meet certain contractual clauses. As a result the Foundation also records a PRI payable when the agreement is signed as such PRIs usually have multiple disbursements. See Note 6 for Program Related Investments.

SUPPORT AND CONTRIBUTION INCOME

Amounts received from the Fund are conditioned on the Foundation's compliance with the requirements of the RAEF Grant and the SEED Act, which imposes certain U.S. policy objectives and reporting obligations. Such income is recognized as unrestricted contributions when received, as management of the Foundation believes that on receipt it is unlikely those conditions will not be met and that all restrictions on the expenditure of such funds are for the general purposes and programs of the Foundation.

INTEREST AND DIVIDEND INCOME

Interest and dividend income is recorded in the period in which is earned.

GRANTS AND GRANTS PAYABLE

Grants are recorded as grants expense in the consolidated statements of activities and grants payable in the consolidated statements of financial position when the grant is approved in accordance with policies set by the Board of Trustees, negotiations have been finalized with the grantee, and the parties have signed the grant agreement. In practice, the Foundation generally

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

disburses grants to grantees over time, as funds are required to meet the costs of each program. As a result, the amount recorded as grants expense in the consolidated statements of activities generally does not equal the amount of grants disbursed by the Foundation in a fiscal period. See Note 6 for Grants and Grants Payable.

FOREIGN CURRENCY

The Foundation’s transactions are initiated in U.S. dollars and exchanged for Romanian lei and/or EURO (“EUR”) only when needed. Revenues and expenses transacted in Romanian lei and/or EURO are re-measured into U.S. dollars at the bank exchange rate resulted from the forex tender. All of the Foundation’s Romanian lei and EUR assets and liabilities are re-measured into U.S. dollars at the period’s end official exchange rate. The functional currency of RAF Romania is the Romanian Leu. Re-measurement and translation adjustments are reflected in the consolidated statements of activities.

DONATED SERVICES

Members of the Foundation’s U.S. Board of Trustees donate significant amounts of their time to the Foundation’s work. No amounts have been reflected in the accompanying consolidated financial statements for such donated services because there is no objective basis available to measure the value of such services.

DEPRECIATION AND AMORTIZATION

Office building and building improvements are recorded at cost. Depreciation of the building is calculated on a straight-line basis over fifteen years, less residual value. Building improvements are amortized on a straight-line basis over their useful lives. Office equipment and capitalized software are recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful life of the equipment and software, generally two to five years. Land is recorded at cost based on the market value when received by donation and is not depreciated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING EXPENSES

Professional services, expenses of Board of Trustees meetings, expenses for travel, lodging and meals incurred in connection with the Foundation’s operations and administrative expenses are classified as operating expenses.

RECENTLY ADOPTED ACCOUNTING STANDARDS

FASB Accounting Standards Update (“ASU”) 2010-06: Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements, was issued January 2010 and, effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. This update provides amendments to ASC 820 that provide for more robust disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, the activity in Level 3 fair value measurements, and the transfers between Levels 1, 2, and 3. The adoption of ASU did not have a material impact on the consolidated financial statements.

4. ROMANIAN-AMERICAN ENTERPRISE FUND GRANT

On September 29, 2009 the Foundation entered into a Grant Agreement with the Fund. The Fund has begun the process of liquidating its investment portfolio, and approximately \$150 million in proceeds is expected to be generated from the sale, transfer or liquidation of its equity investments, loans and other assets. At the date of the Grant Agreement the Fund has also committed to repay \$25 million to the U.S. Treasury as return of capital to USAID. It was the consensus of the Board of Directors of the Fund, in consultation with USAID, the U.S. Department of States and the U.S. Congress, that, following payment to the U.S. Treasury, all the Fund’s proceeds should be contributed to the Foundation to build upon the work of the Fund.

4. ROMANIAN-AMERICAN ENTERPRISE FUND GRANT (continued)

According to the terms of the Grant Agreement the Fund shall from time to time pay or transfer to the Foundation the Fund’s proceeds, such payments or transfers constituting in the aggregate the endowment amount which shall constitute the endowment of the Foundation. Since the inception of the Foundation, there has been a total of \$56,550,000 contributed by RAEF to the Foundation and \$25,000,000 paid by RAEF to U.S. Treasury. Specific to the year ended December 31, 2011, and included in the amounts referred to in the preceding sentence, there was \$51,400,000 contributed by the Fund to the Foundation and \$19,850,000 paid by the Fund to U.S. Treasury. In 2011, the Fund’s Subsidiary donated to RAF Romania the land on which the Foundation’s office is located (\$537,273) and a car (\$23,089).

In 2012 there was no contribution made by the Fund to the Foundation.

According to the terms of the Grant Agreement, the Fund has the right to suspend payment or transfer of all or any portion of the RAEF proceeds and to require repayment or transfer of all or any portion of the endowment amount, together with any endowment proceeds, if foreign policy grounds exist as described in the Foreign Assistance Act and the SEED Act.

5. INVESTMENTS AT FAIR VALUE

See Note 3 “Investments at Fair Value”, for a discussion of the basis for determining the fair value of the Foundation’s investments. The cost and fair value of the Foundation’s investments at December 31, 2012 and 2011, as well as the accumulated unrealized gains (losses) and realized gains (losses) for the years ended December 31, 2012 and 2011 are presented in the tables below:

5. INVESTMENTS AT FAIR VALUE (continued)

	Investments as of December 31, 2012	Cost	Fair Value	Accumulated Unrealized Gains (Losses)	Realized Gains (Losses)
Mutual Funds – Equity		\$22,485,658	\$23,304,094	\$818,436	(\$921,230)
Mutual Funds – Fixed Income		13,855,367	13,891,008	35,641	(26,127)
Mutual Funds – Other		6,349,449	6,247,520	(101,929)	9,342
		\$42,690,474	\$43,442,622	\$752,148	(938,015)

	Investments as of December 31, 2011	Cost	Fair Value	Accumulated Unrealized Gains (Losses)	Realized Gains (Losses)
Mutual Funds – Equity		\$24,185,315	\$20,952,918	(\$3,232,397)	\$138,918
Mutual Funds – Fixed Income		19,172,142	18,671,687	(500,455)	43,062
Mutual Funds – Other		3,870,097	3,684,166	(185,931)	21,102
		\$47,227,554	\$43,308,771	(\$3,918,783)	203,082

The unrealized gains (losses) on investments for the years-ended December 31, 2012 and 2011 are presented in the table below:

	Unrealized Gains (Losses) for the year-ended December 31, 2011	Unrealized Gains (Losses) for the year-ended December 31, 2012	Accumulated Unrealized Gains (Losses) as of December 31, 2012
Mutual Funds – Equity	(\$3,232,397)	\$4,050,833	\$818,436
Mutual Funds – Fixed Income	(500,455)	536,096	35,641
Mutual Funds – Other	(185,931)	84,002	(101,929)
	(\$3,918,783)	\$4,670,931	\$752,148

5. INVESTMENTS AT FAIR VALUE (continued)

Set forth in the table below are the Foundation's investments as of December 31, 2012 and 2011, at fair value on a recurring basis, by the hierarchy levels described in Note 3:

Investments as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds – Equity	\$23,304,094	\$ -	\$ -	\$23,304,094
Mutual Funds – Fixed Income	13,891,008	-	-	13,891,008
Mutual Funds – Other	6,247,520	-	-	6,247,520
	\$43,442,622	\$0	\$0	\$43,442,622
% total	100%	0%	0%	100%

Investments as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds – Equity	\$20,952,918	\$ -	\$ -	\$20,952,918
Mutual Funds – Fixed Income	18,671,687	-	-	18,671,687
Mutual Funds – Other	3,684,166	-	-	3,684,166
	\$43,308,771	\$0	\$0	\$43,308,771
% total	100%	0%	0%	100%

5. INVESTMENTS AT FAIR VALUE (continued)

Included in the amount reported as interest and dividend income in the consolidated statements of activities for the year ended December 31, 2012 is \$843,867 that represents amounts distributed from the Foundation's various mutual fund investments as dividend income, net after custodial fees of \$178,476.

Included in the amount reported as interest and dividend income in the consolidated statements of activities for the year ended December 31, 2011 is \$567,521 that represents amounts distributed from the Foundation's various mutual fund investments as dividend income, net after custodial fees of \$79,647.

6. GRANTS AND PROGRAM RELATED INVESTMENTS

For the year ended December 31, 2012 the Board of Trustees of the Foundation had approved programs totaling \$2.6 million in all focus areas: education, entrepreneurship and community development. Out of the approved programs, as of December 31, 2012 the Foundation signed 89 grant agreements for a total of \$2,024,771 and 3 program related investments for a total of \$570,000. During fiscal year 2012 the Foundation reversed \$58,529 of previous years contracted grants as the funds were not entirely used by recipients and subsequently cancelled.

As of December 31, 2012 PRIs consisted of \$713,000 committed funds in loans and repayable grants signed with 4 Romanian non-governmental organizations as non-bearing interest loans that are payable to the borrowers in multiple tranches. As of December 31, 2012 there were \$245,000 not yet disbursed. During fiscal 2012 the Foundation collected \$81,000 as repayments of loans and repayable grants. Repayments of loans and repayable grants were made according to the repayment schedules and there were no past dues recorded as of December 31, 2012.

6. GRANTS AND PROGRAM RELATED INVESTMENTS (continued)

For the year ended December 31, 2011 the Board of Trustees of the Foundation had approved programs totaling \$2.1 million in all focus areas: education, entrepreneurship and community development. Out of the approved programs, as of December 31, 2011 the Foundation signed 7 grant agreements for a total of \$1,408,615 and 2 program related investments for a total of \$224,000.

As of December 31, 2011 PRIs consisted of \$224,000 committed funds in loans and repayable grants signed with 2 Romanian non-governmental organizations as non-bearing interest loans that are payable to the borrowers in multiple tranches. As of December 31, 2011 there were \$180,000 not yet disbursed. Repayments of loans and repayable grants started in fiscal year 2012, according to the repayment schedules.

7. PROPERTY, NET

As of December 31, 2012 and 2011, property, net consisted of:

As of December 31, 2012	Cost \$	Accumulated Depreciation/ Amortization \$	Net Book Value \$
Land	537,273	-	537,273
Office building and improvements	3,266,163	195,996	3,070,167
Automobiles, furniture and equipment	254,367	94,794	159,573
Software	12,887	12,350	537
Total	4,070,690	303,140	3,767,550

7. PROPERTY, NET (continued)

As of December 31, 2011	Cost \$	Accumulated Depreciation/ Amortization \$	Net Book Value \$
Land	537,273	-	537,273
Office building and improvements	3,266,163	111,972	3,154,191
Automobiles, furniture and equipment	252,120	33,656	218,464
Software	12,887	5,905	6,982
Total	4,068,443	151,533	3,916,910

8. RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or are part of the same group of affiliated companies under common control. The Foundation considers as a related party RAEF and the RAEF'S Subsidiary.

9. TAX STATUS**UNITED STATES**

The Foundation is exempt from U.S. Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and has been classified as a type III supporting organization under Section 509(a)(3) of the Code. In addition, the Foundation is exempt from payments of state and local income taxes in the U.S.

9. TAX STATUS (continued)

ROMANIA

RAF Romania is a Romanian not-for-profit legal entity and is not required to pay corporate income tax according to Romanian tax laws, as it does not perform economic activities.

10. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 8, 2013, the date the consolidated financial statements were available to be issued, and has determined there were no additional events requiring consideration as adjustments to, or disclosures in, the consolidated financial statements for the year ended December 31, 2012.

BOARD OF TRUSTEES

William B. Beekman

Anne Busquet

Mike Geiger

Phillip Henderson
CHAIR OF THE BOARD OF TRUSTEES AS OF OCTOBER 2012

Mills Kelly

John Klipper

Dragoş Horia Manda

Mircea Miclea

Alfred H. Moses

Ida F.S. Schmertz
CHAIR OF THE BOARD OF TRUSTEES UNTIL OCTOBER 2012

Theodor Dumitru Stolojan

Florin Talpeş

Mihai Tudor

RAF TEAM

Paula Apreutesei
PROGRAM DIRECTOR, FELLOWSHIP IN
APPLIED RESEARCH AND INNOVATION

Raluca Baran-Candrea
COMMUNICATIONS CONSULTANT

Oana Boingeanu
PROGRAM ASSOCIATE

Deborah Brown
CORPORATE SECRETARY

Dan Cazacu
ADMINISTRATOR

Mihaela Ciobotea
PROGRAM COORDINATOR, EMERGENCY
SCHOLARSHIPS & STUDENT LOANS

Daniela Cristea
CONSULTANT

Raluca Csatlos
EXECUTIVE ASSISTANT (SINCE NOVEMBER 2012)

Suzana Dobre
PROGRAM DIRECTOR, EDUCATION

Bogdan Giurginca
CHIEF FINANCIAL OFFICER

Georgiana Mincu
SENIOR PROGRAM OFFICER

Rodica Moise
CONSULTANT

Amanda Putnam
PEACE CORPS VOLUNTEER

Iunia Stoica / Eliza Vilae
RECEPTIONISTS

Alina Teişanu
PROGRAM ASSISTANT (UNTIL OCTOBER 2012)

Romeo Vasilache
PROGRAM DIRECTOR, ENTREPRENEURSHIP AND PRI

Roxana Vitan
EXECUTIVE DIRECTOR

OUR PARTNERS

- Asociația Alternative Sociale (AAS)
- Asociația pentru Relații Comunitare (ARC)
- Centrul Educația 2000+ (CEDU)
- Centrul pentru Educație Economică și Dezvoltare din România (CEED)
- Centrul Român pentru Politici Europene (CRPE)
- Fundația Motivation Romania
- Fundația CODECS pentru Leadership
- Fundația pentru Dezvoltarea Societății Civile (FDSC)
- Fundația CIVITAS
- Fundația Centrul de Mediere și Securitate Comunitară (CMSC)
- Fundația Noi Orizonturi (FNO)
- Fundația PACT
- Fundația pentru Parteneriat (REPF)
- Junior Achievement Romania (JAR)
- NESsT
- Societatea de Științe Matematice din România (SSMR)
- TechSoup Romania



Pro bono partners

- Fundația pentru Pomovarea Agriculturii și Economiei Regionale FAER
- Fundația Patria Credit
- Opportunity Microcredit România IFN SA
- Patria Credit IFN SA
- Romcom IFN SA
- Societatea de Finanțare Rurală FAER IFN
- Vitas IFN SA

RAF wishes to extend its gratitude to all the individuals and organizations that helped us make 2012 such a successful year!

Laura Albu	Luiza Cristea	Radu Gologan	Radu Moțoc	Cristina Rigman
Mihaela Andrieș	Sheila Crowley	Alexandru Gulei	John Mundahl	Liliana Romaniuc
Cristian Anghel	Daniel Csilla	Anca Harasim	Victor Mușat	Andreea Roșca
Dan Badin	Adrian Curaj	Cristian Hatu	Alina Mustață	Edwina Sagitto
Nicu Bagiu	Vera Dakova	Silviu Hotaran	Dolores Neagoe	Adriana Salvan
Marton Balogh	Roxana Damaschin	Peter Hurley	Anca Nedelcu	Ligia Sarivan
Crenguța Bărbosu	Raluca Dan	Mihai Huzmezan	Gheorghe Nenciu	Ruxandra Sasu
Robert Barker	Phillippe Delvaux	Paul Iacobas	Raluca Nicolae Dragostin	Cezar Scarlat
Dana Bates	Gabriela Dima	Despina Iancu	Mariana Nicolaescu	Ionuț Sibian
Ioana Bejan	Georgeta Dinu	Codruța Ilie	Adriana Niculae	Adriana Stoica
Diana Berceanu	Monica Dobrescu	Camelia Iliescu	Dana Ofițeru	Marian Staș
Janos Bereckzi	Maria Doiciu	Alexandra Ioan	Mircea Olteanu	Constantin Străinu
Zoltan Bereczki	Irina Dolhăscu	Șerban Iosifescu	S-P O'Mahony	Maria Șandor
Valerie Bilgri - Holm	Cristina Donoaica	Cristian Ispas	Ciprian Cătălin Oros	Simona Șerban
Andrei Blumer	Monica Dvorski	Cristian Jurma	Eugen Palade	Doru Ștefănescu
Mihai Brezeanu	Liliana Enăchiță	Alina Kasprovski	Dana Pirtoc	Marilena Tatu
Traian Brumă	Nicole Etchart	Blair LaBarge	Ivan Patzaichin	Alexandra Toderiță
Octavian Buiu	Ciprian Fartușnic	Daniela Laptoiu	Gabriel Păun	Ginu Toma
Duane Butcher	Valentin Filip	Viorel Lascu	Oana Păun	Mircea Tudor
Maria Butyka Neagu	Raluca Focșăneanu	Leslie Linnemeier	Cristiana Plavicheanu	Florin Udrea
Dorin Călin	Doru Frolu	Cătălin Luca	Alexandra Pode	Ancuța Vameșu
Alexandru Cabuz	Mihaela Frunzeti	Lucian Luca	Edita Pop	Simona Velea
Dana Cavaleru	Susan Garro	Cristian Lupsa	Emil Pop	Bogdan Vernescu
Diana Certan	Robert Gatehouse	Laurențiu Manea	Diana Popescu	Mihuț Vlad
Adina China	Teia Gavrilescu	Magdalena Manea	Mihaela Popescu	Gabriel Vlăduț
Cristu Chirfot	Andrei Gheorghe	Cristina Mănescu	Ștefania Popp	Zoica Vlăduț
Tiberiu Chiricheș	Cătălin Gheorghe	Istvan Mar	Victor Popa	Ioan Vlasa
Gabriela Ciobanu	Cătălin Ghinăraru	Carmen Marcu	Alina Porumb	Iuliana Vulpeanu
Claudia Ciubotaru	Florin Ghinda	Mădălina Marcu	Laszlo Potozcky	Chris Worman
Mihaela Ciobotea	Cristian Ghinea	Camelia Mates	Oana Preda	Nikolay Yarmov
Amelia Cohen	Libby Gitenstein	Bogdan Merfea	Liliana Preoteasa	Nicolae Victor Zamfir
Vlad Craioveanu	H.E. Mark Gitenstein	George Milescu	Radu Purice	Roxana Zus
Cătălin Cretu	Alin Giurgiu	Marius Mitroi	Aurel Radu	
Mihaela Crimu	Mihaela Giurgiu	Felicia Moga	Carmen Retegan	

A very special acknowledgement to The Law Firm Badea Clifford Chance and especially to Nadia Badea. Steven van Groningen and his team at Raiffeisen Bank: Radu Topliceanu, Anca Otilia Nuțiu, Daniela Trandafir, Guller Asan, and Antoaneta Narcisa Gheorghe.