

**FUNDACIÓN DEL EMPRESARIADO
CHIHUAHUENSE, A.C.**

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007 AND 2006

TOGETHER WITH INDEPENDENT
AUDITORS' OPINION

GOSSLER, S. C.

Contadores Públicos



TO ASSOCIATES OF FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.

We have audited the accompanying balance sheets of **FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.**, as of December 31, 2007 and 2006, and the related statements of activities and changes in financial position for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Mexico. Such standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, verifying that they have been prepared according to the applicable Mexican financial reporting standards. The audit consists of the review, based on selective tests, of evidence supporting figures and disclosures of financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.**, as of December 31, 2007 and 2006, and the results of activities and changes in financial position for the years then ended, in conformity with applicable Mexican financial reporting standards.

Chihuahua, Chih., Mexico
February 28, 2008

GOSSLER, S.C.

A handwritten signature in black ink, appearing to read "Noé Díaz Orozco", written over a horizontal line.

Noé Díaz Orozco
Certified Public Accountant

FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.
BALANCE SHEET
AS OF DECEMBER 31, 2007 AND 2006
(In Mexican pesos with purchasing power at December 2007)

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	
			2007	2006
ASSETS				
Cash	\$ 8,096,498		8,096,498	13,695,569
Short-term investments	78,301,821	4,088,243	82,390,064	106,814,075
Fund for alliance projects		104,117,373	104,117,373	80,448,216
Agreement fund CEMEFI		1,940,835	1,940,835	1,600,303
Productive Development Program Fund		13,161,576	13,161,576	14,157,477
Accounts Receivable				
Notes receivable	6,903,055		6,903,055	11,177,413
Other accounts receivable	467,740		467,740	559,701
Taxes to be recoverable	158,790		158,790	
Allowance for doubtful accounts	(815,843)		(815,843)	(2,074,856)
Property and equipment, net				
Advance for acquisition of land	7,277,272		7,277,272	7,713,262
	2,738,972		2,738,972	
Intangible assets - Labor obligations				
	229,752		229,752	312,424
TOTAL ASSETS	<u>103,358,057</u>	<u>123,308,027</u>	<u>226,666,084</u>	<u>234,403,584</u>
LIABILITIES				
Nacional financiera - Finafim Program				1,296,306
Accounts payable	589,137		589,137	879,513
Tax due	447,752		447,752	897,291
Provision for seniority premiums and indemnities	354,691		354,691	449,250
TOTAL LIABILITIES	<u>1,391,580</u>		<u>1,391,580</u>	<u>3,522,360</u>
PATRIMONY	<u>\$ 101,966,477</u>	<u>123,308,027</u>	<u>225,274,504</u>	<u>230,881,224</u>

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



PABLO CUARÓN GALINDO
Chairman of the Board of Directors

FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Mexican pesos with purchasing power at December 2007)

	UNRESTRICTED	TEMPORARILY RESTRICTED	2007	TOTAL 2006
REVENUE				
Contributions				
Contributions from trust	\$ 102,888,974	7,318,923	110,207,897	120,069,587
Other donations	839,134	13,579,400	14,418,534	20,614,912
	<u>103,728,108</u>	<u>20,898,323</u>	<u>124,626,431</u>	<u>140,684,499</u>
Income from investments	3,107,798	10,542,464	13,650,262	18,389,887
Other income	827,859		827,859	701,223
	<u>107,663,765</u>	<u>31,440,787</u>	<u>139,104,552</u>	<u>159,775,609</u>
Private assets free from restrictions: Programs fulfilment	12,686,198	-12,686,198		
	<u>120,349,963</u>	<u>18,754,589</u>	<u>139,104,552</u>	<u>159,775,609</u>
TOTAL REVENUE				
EXPENSES				
Donations submitted to beneficiaries	101,254,119		101,254,119	88,104,133
Social programs	21,574,223		21,574,223	12,752,641
Loss derived from monetary position	8,663,081		8,663,081	9,305,482
Indirect activity expenses	6,610,763		6,610,763	13,409,365
Management expenses	4,014,780		4,014,780	4,127,763
Financial expenses	1,355,402		1,355,402	28,622
Depreciations	1,196,041		1,196,041	1,142,335
Income tax	42,863		42,863	49,502
	<u>144,711,272</u>		<u>144,711,272</u>	<u>128,919,843</u>
TOTAL EXPENSES	<u>144,711,272</u>		<u>144,711,272</u>	<u>128,919,843</u>
Change in patrimony, net	-24,361,309	18,754,589	-5,606,720	30,855,766
Initial patrimony	<u>126,327,786</u>	<u>104,553,438</u>	<u>230,881,224</u>	<u>200,025,458</u>
FINAL PATRIMONY	<u>\$ 101,966,477</u>	<u>123,308,027</u>	<u>225,274,504</u>	<u>230,881,224</u>

The accompanying notes are an integral part of these financial statements

FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Mexican pesos with purchasing power at December 2007)

	2 0 0 7	2 0 0 6
RESOURCES USED FOR THE OPERATION		
Total increase (decrease) in patrimony	\$ (5,606,720)	30,855,767
Expenses not requiring the use of resources:		
Depreciation	1,196,041	1,142,335
Profit (loss) on sale of fixed assets	52,500	1,038
Provision for seniority premiums and indemnities	-94,559	19,399
Total	<u>(4,452,738)</u>	<u>32,018,539</u>
 (Increase) decrease in:		
Accounts receivable	3,007,019	10,162,316
Increase (decrease) in:		
Accounts payable	<u>-2,036,228</u>	<u>-5,037,813</u>
	<u>970,791</u>	<u>5,124,503</u>
RESOURCES GENERATED (USED) BY THE OPERATION	<u>(3,481,947)</u>	<u>37,143,042</u>
INVESTMENTS		
Advance for acquisition of land	(2,738,972)	
Acquisitions in fixed assets	-1,000,565	-398,069
Sale of fixed assets	<u>212,190</u>	<u>331,879</u>
RESOURCES GENERATED (USED) BY INVESTMENTS	<u>-3,527,347</u>	<u>-66,190</u>
CASH INCREASE (DECREASE)	(7,009,294)	37,076,852
CASH AT BEGINNING OF YEAR	<u>216,715,640</u>	<u>179,638,788</u>
CASH AT END OF YEAR	<u>\$ 209,706,346</u>	<u>216,715,640</u>

The accompanying notes are an integral part of these financial statements

FUNDACIÓN DEL EMPRESARIADO CHIHUAHUENSE, A.C.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2007 AND 2006

(In pesos with purchasing power at December 2007)

Note 1. SCOPE

The Association was incorporated in 1996 with the purpose of promoting, fostering, developing, and supporting any sort of assistance and philanthropic activities, as well as to aid both public and private charity institutions.

The Association resulted from the interest of its associates to follow up on the work that has been performed through the former Social Fund of the Chihuahua Patronage Fund, today Trust F/47611-9. Since the date this Association started operations, this Trust channels its resources through the Association in order to meet the objective for which it was intended. In compliance with the main objective of the Trust, the Government of the State of Chihuahua decreed the establishment of an extraordinary contribution in charge of parties subject to Payroll State Tax, equivalent to 10% of said tax, effective through December 31, 2012.

Note 2. CHANGE IN THE STRUCTURE OF THE TRUST

On February 28, 2004, the State Congress published a decree resolving that as of this date Trust F/47611-9 be managed as describe below:

- a) Enter into a public trust agreement that will receive funds from the 10% extraordinary contribution over payroll tax that will replace the former trust.
- b) The Technical Committee of the new Trust will consist of 25 members: 6 from the Government sector and 19 from the business sector of the State.
- c) On June 1, 2004, BBVA Bancomer Servicios, S.A. (fiduciary) and Fundación del Empresariado Chihuahuense, A.C., (the "Foundation") entered into a collaboration agreement setting forth that the Foundation will receive the amounts that the Technical Committee instructs to the fiduciary by means of a deposit into a checking account, so that resources may be applied to on-going programs.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

a) GENERAL STATEMENT

- a1) Main accounting policies followed by the Association are in accordance with the financial reporting standards, which require management make certain estimates and use certain suppositions to determine assessment of some of the entries included in the financial statements, and to make disclosures as required by them. Management believes that estimates and suppositions used are adequate under the circumstances, although its final effect may differ from the effect of said hypothesis.

The Financial Reporting Standards (FRSs) referred to in preceding paragraph and which are applicable in Mexico beginning at January 1, 2006, are comprised by the same FRS themselves and by the following:

Interpretations to FRSs

Bulletins of the Accounting Principles Commission of the Mexican Institute of Public Accountants which have not been amended, replaced nor abolished by any new FRS, and

Applicable alternate International Financial Reporting Standards (IFRSs).

a2) These notes are an integral part of the attached financial statements, which were authorized for their issue at February 25, 2008, by Mr. Pablo Cuarón Galindo, chairman of the Board of Directors.

b) **RECOGNITION OF THE EFFECTS OF INFLATION** – Financial statements show the effects of inflation in conformity with the financial reporting standards. Consequently, the amounts shown in the accompanying financial statements for 2007 and 2006 and in these notes are expressed in constant pesos with purchasing value at December 31, 2007, unless otherwise stated in said notes.

Below is a list of the standards that were applied in the recognition of the effects of inflation, in addition to the standards mentioned in other notes:

b1) **METHOD** – Method of adjustment due to changes at general price level based on the National Consumer Price Index (NCPI).

Figures shown in the financial statements for 2006 are restated with the 1.0375 factor, obtained by comparing the NCPI of December 2007 published by Bank of Mexico vs. that of December 2006.

b2) **REVENUES TEMPORARILY RESTRICTED IN 2007** – In the statement of activities, the column relative to these revenues is shown at historical value, and its restatement portion is included in unrestricted revenues, just for making them coincident with the balance sheet figures.

b3) **RESTATEMENT OF PATRIMONY ACCOUNTS** – Factors derived from NCPI were used to determine private assets accounts. Restatement is the required complement to express the initial contribution and the obtained income in monetary units of purchasing value at the date of the balance sheet. Said restatement is presented in the financial statements incorporated to the private assets account.

b4) **MONETARY POSITION RESULT** – It represents the estimated effects of inflation on monetary assets and liabilities and it was applied to results under the heading of Loss Derived from Monetary Position. In 2007 and 2006, monetary assets exceeded monetary liabilities, and there were therefore loss on this item during both years.

- c) **REVENUE FROM DONATIONS** – Contributions applicable to Trust F/47611-9 for extraordinary contribution derived from State Tax over Payroll were recognized as income from donations, which has been approved by the Technical Committee of the Trust to be transferred to the Foundation. At closing of 2007, the amount of \$ 29'616,840 was pending approval and recording.

Donations received from third parties are recorded at the time they are actually received.

- d) **EXPENSES** – Expenses made by the Association are recorded in the term in which they are actually incurred.
- e) **SHORT-TERM INVESTMENTS** – They are recorded at cost plus accrued interest as earned. Their total value is similar to their market value.
- f) **ACCOUNTS RECEIVABLE** – Studies oriented to determine recovery of doubtful accounts for amounts in favor of the Association are periodically made based on percentages over periods of the age of balance amounts in order to increase the estimate of applicable doubtful accounts. Doubtful accounts being handled by lawyers are lower than recorded estimate. Additionally, pledged warranties of personal property are registered in offset accounts.
- g) **PROPERTY, PLANT AND EQUIPMENT** – Property, plant and equipment is valued at its acquisition cost plus a restated amount based on factors derived from NCPI.
- h) **DEPRECIATION** – Depreciation is computed based on the straight-line method, not taking into consideration their disposal value, beginning on the month goods are initially used, applying the following annual rates:

Buildings	5%
Furniture and fixtures	10%
Transportation equipment	25%
Computers	30%

- i) **VALUE OF LONG-LIVED ASSETS AND THEIR DISPOSITION** - According to dispositions of Bulletin C-15, "Impairment of long-lived assets and their disposition", issued by the Mexican Institute of Public Accountants, an appraisal of the above-mentioned assets was made, not having found any impairment signs showing any need to be adjusted for having been valued at amounts higher than their net sales price and use value.
- j) **TRANSACTIONS IN FOREIGN CURRENCY** – Transactions in foreign currency are recorded at the exchange rate at the time of the transactions. Assets and liabilities in foreign currency are adjusted at the rate of exchange in effect at the end of every month and at year end, affecting income of the year under the heading "Financial Expenses".

k) **LABOR OBLIGATIONS** – The Federal Labor Law establishes the obligation to make certain payments to workers, in the event of layoffs or resignations, based on their total years of service. A provision for potential compensations and seniority premiums is recorded based on calculations performed by independent actuaries, in conformity with guidelines established in the new Bulletin D-3, “Labor Obligations”.

Prior to 2006 indemnities paid were recorded under income until they were demanded and payment was made.

l) **COMMITMENTS** – Commitments are disclosed in these notes when necessary due to their nature, under the terms of bulletin C-9 “Liabilities, Provisions, Contingent Assets and Liabilities and Commitments”.

m) **CONTINGENCIES** – Contingencies are disclosed similarly to commitments as mentioned above, according to dispositions of Bulletin C-9, when their materiality is likely to take occur.

Note 4. FOREIGN CURRENCY POSITION

Balance sheets include balances denominated in U.S. dollars, at pesos with purchasing power for said years, as follows:

	2 0 0 7		2 0 0 6	
	U.S. Dollars	Mexican Pesos	U.S. Dollars	Mexican Pesos
ASSETS	\$ <u>41,501</u>	\$ <u>450,960</u>	\$ <u>78,745</u>	\$ <u>856,391</u>

The rate of exchange used in 2007 and 2006 was Ps. 10.8662 and Ps. 10.8755 per US\$1, respectively.

Note 5. SHORT-TERM INVESTMENTS

The balance of this account comprises the following:

	2 0 0 7	2 0 0 6
BBVA Bancomer, S.A.	\$ 99'381,338	125'239,954
Scotiabank Inverlat Casa de Bolsa, S.A. de C.V.	52'472,717	
IXE Casa de Bolsa, S.A. de C.V.	49'755,793	77'780,116
	\$ <u>201'609,848</u>	<u>203'020,070</u>

Note 6. FUNDS

a) **FUND FOR ALLIANCE PROJECTS**

From 2004 during a monthly Stockholders' Meeting, the "Fund for Alliance Projects" was approved with the purpose of negotiating additional resources to invest in social projects in the State of Chihuahua.

This fund is currently invested in money market instruments.

b) FUND FOR PRODUCTIVE DEVELOPMENT PROGRAMS

This fund was established to grant individual and group loans in order to promote the economic growth of Chihuahua's micro entrepreneurs. Said fund is currently invested in short-term investments.

c) AGREEMENT FUND WITH CENTRO MEXICANO PARA LA FILANTROPIA, A.C. (CEMEFI)

On May 27, 2004 an agreement was signed with CEMEFI with the purpose of constituting a permanent fund whose interest will be applied to social projects. The life of this fund will conclude on January 14, 2008

This fund is currently invested in money market instruments made through Scotiabank Inverlat, Casa de Bolsa, S.A.

Note 7. PROPERTY AND EQUIPMENT

	2 0 0 7	2 0 0 6
Land (1)	\$ 3'590,006	3'460,173
Restatement in Pesos at December 2007		129,756
	<u>3'590,006</u>	<u>3'589,929</u>
Buildings (2)	4'489,925	4'327,479
Transportation equipment	2'810,814	2'444,811
Furniture and office equipment	2'479,579	2'322,139
Computers	2'533,657	2'330,731
	<u>12'313,975</u>	<u>11'425,160</u>
Less accumulated depreciation	8'626,709	7'450,864
Book value	3'687,266	3'974,296
Restatement in Pesos at December 2007		149,037
	<u>\$ 7'277,272</u>	<u>7'713,262</u>

(1) Land – The following lots of land are comprised under this heading:

- a)** Urban land located in block "A" of the East addition to Fraccionamiento Alfonso García Valladares, in Cd. Juárez, Chihuahua, with an area of 587.12 sq. m.
- b)** Urban land in lot 3, block G-2 General J.F. Retana Street, Fraccionamiento San Felipe el Real, with an area of 1,141 sq. m.

- c) Fraction of lot marked with number 19 of the division made to part of the common land in Nombre de Dios, State of Chihuahua, with an area of 13,292.24 sq. m.
- d) Urban land located in Puerto Lisboa St. and Puerto Altamira St. in Cd. Juárez, with an area of 237.92 sq. m.
- e) Urban land located in Anillo Envolverte of Pronaf and Manila St. in Cd. Juárez with an area of 1,500 sq. m.

(2) Buildings – The following buildings are comprised under this heading:

- a) House built on land describe in item 1 a), which is used by Programa Compañeros, A.C., as a result of a free-usufruct contract.
- b) House built on land described in item 1 b), which is used by Fundación del Empresariado Chihuahuense, A.C., as its operations center.
- c) House built on land describe in item 1 d), which is used by Voluntarias Vicentinas, A.C., by means of a free-loan contract.

Note 8. ADVANCE FOR ACQUISITION OF LAND – Purchase of land sold by Municipio de Cd. Juárez (municipal government), with an area of 3,313.58 square m., as per agreement N° 03-120 taken by the Board of Directors of the Association, dated October 10, 2007, which is still subject to legal procedures to formalize the acquisition.

Note 9. TAXES DUE

	2 0 0 7	2 0 0 6
INFONAVIT (Housing program)	\$ 237,752	122,365
IMSS (Social Security)	92,266	191,476
Income Tax	37,944	47,713
Payroll State Tax	29,204	58,192
Income tax on salaries (ISR)	24,748	381,945
Value Added Tax withholding	13,473	27,450
Income tax withholding 10%	9,351	32,922
Income tax withheld on fees assimilated to salaries	3,014	2,796
Restatement in Pesos at December 2007		32,432
	<u>\$ 447,752</u>	<u>897,291</u>

Note 10. FINAFIM PROGRAM

2 0 0 7 2 0 0 6

TRUST FOR THE NATIONAL MICRO-ENTREPRENEUR FUNDING PROGRAM

Secured simple credit opening contract entered into with Nacional Financiera, S.N.C., (NAFIN) for up to the amount of \$ 4'700,000, at an interest rate equivalent to CETES at 28 days. \$ 0 1'296,306

Security consists in endorsing bank notes in favor of NAFIN, subscribed by accredited micro-entrepreneurs.

Note 11. LABOR OBLIGATIONS

In order to determine seniority premiums and indemnities provisions for workers, guidelines established in bulletin D-3 "Labor Obligations" issued by the Mexican Institute of Public accountants were followed.

Below is a summary of the most relevant data and figures at nominal values based on calculations performed by independent actuaries, Asesoría Actuarial, S.A. de C.V., by means of the projected unit credit method.

	2	0 0	7	2 0 0 6
	Seniority Premium	Indemni- ties	Total	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Obligations for current benefits	\$102,771	251,920	354,691	449,247
Obligations for projected benefits	102,771	287,408	390,179	491,242
Total plan assets	0	0	0	0
Recommended contribution to fund	10,000	29,000	39,000	48,762
Prior services and plan amendments, not yet amortized	0	0	0	0
Variations in assumptions and adjustments based on experience, not yet amortized	304	58,285	58,589	(10,746)
In transitions (Liabilities)/Assets not yet amortized	(23,229)	(300,600)	(323,829)	(343,674)
Net cost 2007, not restated	25,793	88,785	114,578	150,281
Net cost 2007, restated	26,825	92,337	119,162	156,292
Additional Liabilities	22,925	206,827	229,752	312,424
Intangible Assets	22,925	206,827	229,752	312,424
Debit to patrimony	0	0	0	0
Amortization term of items pending amortization:				
In transition liabilities	15.54 years	15.54 years		17.54 years
Variations in suppositions and adjustments based on experience	15.44 years	15.44 years		17.54 years

Note 12. INITIAL AND RESTATED PATRIMONY

Initial private assets comprise total assets received as donations from Fideicomiso Fondo Social del Empresariado Chihuahuense, which included resources for the acquisition of the building destined to office space for the Association, as well as other fixed assets that were recorded at book value reflected in the donor's accounting records.

Cash deliveries that were not used for these purposes were handled under the heading of "Income" as initial donation and later donations.

Restated private assets are integrated to deliveries made by Trust F/47611-9 less any expenses disbursed by the Association. In addition, it is restated using NCPI factors.

Note 13. DONATIONS DELIVERED TO BENEFICIARIES

Distribution of resources was subject to guidelines set forth by the Technical Committee of Trust F/47611-9, summarized below:

2007 AND 2006

Agreement No. 05/12 – Forty five percent (45%) of resources received from each city is to be invested in said city; 25% for the state construction work and projects fund; 14% for social programs; 3% for management expenses; 5% for promotion and management; and 8% for the alliance projects fund.

Fund allocation made by the Association to its beneficiaries were for the following areas:

	2 0 0 7	2 0 0 6
Juárez	\$ 33'912,336	33'775,093
Rural Area	31'238,298	21'544,760
Chihuahua	24'314,082	20'695,949
Camargo	2'595,212	1'531,354
Cauhtémoc	1'890,237	1'007,466
Delicias	1'648,961	1'873,964
Jiménez	1'288,230	240,841
Parral	1'128,576	1'374,934
Ojinaga	764,730	648,327
Nuevo Casas Grandes	453,910	673,812
Restatement in pesos at December 2007	2'019,547	4'737,633
	<u>\$ 101'254,119</u>	<u>88'104,133</u>

To grant requested support, projects are subject to approval by the Board of Directors and/or the Foundation's Local Counsels, according to their faculties, who abide by the guidelines set forth by the Technical Committee of the Trust. Once projects are

approved, the Foundation's internal personnel supervise on-going works.

Furthermore, external auditors supported by an expert construction and facilities counselor perform a selective verification of executed work in order to verify that investment cost is justified.

Note 14. ASSUMED COMMITMENTS

At December 31, 2007, the Association has made commitments for the amount of \$ 125'974,963, corresponding to support given to beneficiaries, whose approved total amount has not yet been used at closing of fiscal year.

Note 15. CONTINGENCIES

A fraction of the lot described in note 7, item (c) with an area for 1,913 sq. m. was confiscated by the Municipality of Chihuahua. A compensation for that lot is contemplated at \$ 180 per square meter, that is, a total of \$ 344,340. Said amount will be paid in cash on the date both parties sign the agreement. Third parties currently occupy the rest of the lot, and a lawsuit against said third parties was filed before the Preliminary Investigations Office of the State and is currently in process.

With regard to urban land located in Anillo Envolverte and Manila Street in Cd. Juárez, with an area of 1,500 sq. m., an exchange transaction with Pronaf Nervion Trust is being negotiated for another piece of land with the same area in the municipality of Cd. Juárez, Chihuahua.

At the date of this financial statements presentation, these contingencies have not been resolved by the competent authorities.

Note 16. FISCAL ENVIRONMENT

a) INCOME TAX

The Association is not liable to Income Tax under the terms of article 95, fraction VI of the Law. In conformity with said disposition, however loans made to its members, among others, should be considered as remainder to be distributed and subject to tax, as well as non-deductible expenses pursuant to Title IV of the reference Law, except when the latter is due to lack of receipts or invoices with fiscal requirements of both issuing and receiving parties of goods and services.

b) ASSET TAX

Pursuant to dispositions of Article 6, fraction I, of the Income Tax Law, parties not liable to Income Tax are not considered as liable to Asset Tax either.

c) VALUE ADDED TAX (VAT)

In 2007 and 2006, the Association carried out activities levied with this tax.

Therefore, tax paid was creditable only partially, pursuant to Article 4 of the Value Added Tax Law.

d) EMPLOYEES PROFIT SHARING

Under the terms of related legal dispositions and official resolutions, the Association is exempted from this obligation.

Note 17. AUTHORIZED GRANTEE

The Institution is a grantee approved by the Treasury Department to receive donations from taxpayers liable to Income Tax, who may deduct their contributions from their income for Income Tax purposes.

Note 18. MANAGEMENT ENVIRONMENT

a) ETHICS CODE

As promoter of the Entrepreneurial Social Responsibility, the Foundation chose to adopt one of its more representative practices: ethics. For said purpose, it set out to create an institutional ethics code, including therein suggestions from officers and counselors. Said document contains behavior guidelines for its collaborators before certain circumstances, which turns the Foundation into a pioneer within the State's social sector thanks to having said code.

b) TRANSPARENCY LAW AND ACCESS TO PUBLIC INFORMATION OF THE STATE OF CHIHUAHUA

In order to meet obligations set forth by the reference Law, the Information Committee of the Foundation filed for registration. As a result, it was assigned number ICHPTAIP/X-01-C.1/2006, according to document dated May 22, 2006, allowing it to become the first Civil Association to be registered before the Chihuahua's Institute for Transparency and Access to Public Information.

Note 19. MAIN FISCAL AND ACCOUNTING CHANGES FOR 2008

Effective January 1 and July 1, 2008 respectively, The Federal Government decreed the following taxes:

Flat-Rate Business Tax Law (FRBT, IETU as abbreviated in Spanish)

Cash Deposits Tax Law (CDT, IDE as abbreviated in Spanish)

At the same time, the Asset Tax Law was revoked from the first date on.

Regarding FRBT it is establish in article 4, fraction III, that this kind of Association shall not be subject to tax fulfilling the requirements prescribed by such fraction.

Mexican FRS B-2 “Statement of Cash Flow”

This new financial statement replaces the current “Statement of changes in financial position” and it is intended to show ins and outs of cash that have taken place over the period and not changes in the financial structure of the entity. Preparation will start with cash flows of operating activities followed by investment and, finally, financing. Accounting changes generated by this Mexican FRS do not imply any amendment to statements of prior years, in this case, the Statement of changes in financial position 2007.

Mexican FRS B-10 “Effects of Inflation on Financial Information”

Derived from the fact that accrued inflation of the three years comprised from 2005 thru 2007 did not exceed 26%, having only reached 11.56%, any financial statements to be prepared beginning 2008 will not include the effects of inflation of the applicable period. Its recognition will be mandatory when inflation of the three prior years exceeds the reference percentage.

FRS D-3 Employee benefits

In general this standard chooses more short periods for the amortization of items subject to this process, including the possibility of recognizing them directly to results as losses or profits. In the same time the additional liability and its counterpart is also eliminated (intangible asset) from January 1, 2008 on.