

CONCERN WORLDWIDE (U.S.), INC.

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

DECEMBER 31, 2007

CONCERN WORLDWIDE (U.S.), INC.

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TAIT, WELLER & BAKER LLP

Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
Concern Worldwide (U.S.), Inc.
New York, New York**

We have audited the accompanying statement of financial position of Concern Worldwide (U.S.), Inc. (the "Organization") as of December 31, 2007, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements and, in our report dated June 1, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern Worldwide (U.S.), Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP
TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
March 28, 2008**

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 254,959	\$1,349,411
Receivables:		
U.S. Government – USAID	2,625,501	2,205,031
Other	221,130	267,433
Prepaid expenses and other assets	<u>23,455</u>	<u>15,927</u>
Total Current Assets	<u>3,125,045</u>	<u>3,837,802</u>
Deposits	29,398	29,398
Equipment – net of accumulated depreciation of \$26,654 in 2007 and \$84,188 in 2006	<u>127,254</u>	<u>9,501</u>
	<u>156,652</u>	<u>38,899</u>
Total Assets	<u>\$3,281,697</u>	<u>\$3,876,701</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 283,359	\$ 165,734
Grants due to Concern Worldwide IRL and other Partners	<u>2,374,185</u>	<u>1,934,458</u>
Total Current Liabilities	<u>2,657,544</u>	<u>2,100,192</u>
NET ASSETS		
Unrestricted	32,980	877,252
Temporarily restricted	<u>591,173</u>	<u>899,257</u>
	<u>624,153</u>	<u>1,776,509</u>
Total Liabilities And Net Assets	<u>\$3,281,697</u>	<u>\$3,876,701</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2007 with Summarized Information for 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
Support and Revenue				
Contributions and non-government grants	\$ 409,734	\$ 1,240,010	\$ 1,649,744	\$ 2,791,131
Support from Concern Worldwide IRL	1,183,886	-	1,183,886	1,266,097
Government grants	5,838,309	-	5,838,309	6,089,499
Special events – net	777,664	568,492	1,346,156	1,181,608
Investment income	34,635	-	34,635	15,182
Net assets released from restrictions	<u>2,116,586</u>	<u>(2,116,586)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,360,814</u>	<u>(308,084)</u>	<u>10,052,730</u>	<u>11,343,517</u>
Expenses				
Program activities	10,205,992	-	10,205,992	9,372,650
General and administrative	535,957	-	535,957	457,593
Fundraising	<u>463,137</u>	<u>-</u>	<u>463,137</u>	<u>454,897</u>
Total expenses	<u>11,205,086</u>	<u>-</u>	<u>11,205,086</u>	<u>10,285,140</u>
Change in net assets	(844,272)	(308,084)	(1,152,356)	1,058,377
Net Assets				
Beginning of year	<u>877,252</u>	<u>899,257</u>	<u>1,776,509</u>	<u>718,132</u>
End of year	<u>\$ 32,980</u>	<u>\$ 591,173</u>	<u>\$ 624,153</u>	<u>\$ 1,776,509</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$(1,152,356)	\$ 1,058,377
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation and amortization	25,486	9,436
(Increase) decrease in		
Receivables – U.S. Government – USAID	(420,470)	(1,016,226)
Receivables – other	46,303	(145,198)
Prepaid expenses and other assets	(7,528)	14,246
Increase (decrease) in		
Accounts payable and accrued liabilities	117,625	(36,101)
Grants due to Concern Worldwide IRL	<u>439,727</u>	<u>853,233</u>
Net cash provided by (used for) operating activities	<u>(951,213)</u>	<u>737,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(143,239)	(2,038)
Increase in deposits	<u>-</u>	<u>(822)</u>
Net cash used for investing activities	<u>(143,239)</u>	<u>(2,860)</u>
Net increase (decrease) in cash and cash equivalents	(1,094,452)	734,907
CASH AND CASH EQUIVALENTS		
Beginning	<u>1,349,411</u>	<u>614,504</u>
Ending	<u>\$ 254,959</u>	<u>\$ 1,349,411</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2007 with Summarized Information for 2006

	<u>Program</u>			<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Overseas Relief</u>	<u>Development Education</u>	<u>Total</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2007 Total</u>	<u>2006 Total</u>
Salaries and Benefits	\$ 396,267	\$278,451	\$ 674,718	\$303,362	\$283,088	\$586,450	\$ 1,261,168	\$ 1,152,224
Travel, Lodging and meetings	108,824	33,833	142,657	5,819	20,046	25,865	168,522	138,552
Printing and Publications	7,840	42,895	50,735	2,629	42,996	45,625	96,360	56,052
Professional Fees	(2,009)	4,715	2,706	107,459	5,348	112,807	115,513	197,384
Website Management	4,680	3,469	8,149	2,915	4,073	6,988	15,137	17,803
Dues and Subscriptions	-	850	850	23,620	1,726	25,346	26,196	17,521
Office Supplies and Expenses	10,375	7,355	17,730	31,889	10,854	42,743	60,473	46,178
Video and Exhibitions	8,140	4,182	12,322	5,071	5,290	10,361	22,683	10,360
Occupancy	61,944	38,760	100,704	38,587	54,341	92,928	193,632	184,148
Miscellaneous Expenses	-	757	757	-	1,537	1,537	2,294	19,433
Packing, Postage and Shipping	7,835	12,131	19,966	4,401	20,362	24,763	44,729	30,911
Telephone	7,236	5,111	12,347	4,508	7,532	12,040	24,387	24,049
Grants								
Concern Worldwide IRL	8,777,000	-	8,777,000	-	-	-	8,777,000	8,358,521
Other Partners	371,506	-	371,506	-	-	-	371,506	22,568
Depreciation	<u>9,146</u>	<u>4,699</u>	<u>13,845</u>	<u>5,697</u>	<u>5,944</u>	<u>11,641</u>	<u>25,486</u>	<u>9,436</u>
Total Expenses	<u>\$9,768,784</u>	<u>\$437,208</u>	<u>\$10,205,992</u>	<u>\$535,957</u>	<u>\$463,137</u>	<u>\$999,094</u>	<u>\$11,205,086</u>	<u>\$10,285,140</u>

See notes to financial statements.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

Concern Worldwide (U.S.), Inc. (“*Concern Worldwide*”) is a not-for-profit corporation organized for the purposes of providing relief, assistance and advancement of people in need in less developed areas of the world, educating the public of the need to provide relief assistance, recruiting volunteers for involvement, and cooperating with other charitable organizations whether local, national or international for any of the foregoing purposes. Concern Worldwide is supported primarily by grants, public support and special events.

Concern Worldwide is affiliated with Concern Worldwide IRL, headquartered in Dublin, Ireland. Concern Worldwide IRL has provided and will continue to support Concern Worldwide (U.S.), Inc. in the form of grants, reimbursements, and in-kind support. Concern Worldwide (U.S.), Inc. supports Concern Worldwide IRL by providing grants for international programs.

ACCOUNTING ESTIMATES

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

CONCENTRATION OF CREDIT RISK

Concern Worldwide occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 107 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

INCOME TAXES

Concern Worldwide is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “*Code*”) and has been classified as a public charity under Section 509(a)(1) of the Code.

CASH AND CASH EQUIVALENTS

Concern Worldwide considers cash and cash equivalents to include short-term investments with maturities of less than three months when purchased.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost and depreciated over their estimated useful lives on the straight-line basis (leasehold improvements – 10 years, computers and furniture, fixtures and equipment – 3 years). Concern Worldwide follows the practice of capitalizing all expenditures related to property and equipment having a cost in excess of \$500. Donated property and equipment are similarly capitalized but at fair market value at the time of donation.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

NET ASSETS

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Concern Worldwide and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions.

CONTRIBUTIONS

Concern Worldwide reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*”

U.S. GOVERNMENT GRANTS

Concern Worldwide has various grants with the United States Agency for International Development (“*USAID*”), including the Office of Foreign Disaster Assistance (“*OFDA*”). Concern Worldwide applies for such funds at the time the expenditure is made, which is the basis for recognizing revenue.

CONTRIBUTED SERVICES AND EQUIPMENT

Concern Worldwide received donated services from a variety of volunteers. These services are not subject to reasonable objective measurements and as such, are not reflected in the accompanying financial statements.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of the various programs and support activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Concern Worldwide’s audited financial statements for the year ended December 31, 2006, from which the summarized information was derived.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2007 and 2006

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2007 and 2006 of \$591,173 and \$899,257, respectively, are available for use in future periods.

For the year ended December 31, 2007, net assets of \$2,116,586 were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

(3) SPECIAL EVENTS

During 2007 and 2006, Concern Worldwide held several fund-raising events. The gross receipts from these events were \$1,833,079 and \$1,579,152 for 2007 and 2006, respectively. Direct expenses consisting of \$486,923 in 2007 and \$397,544 in 2006 were charged against these receipts resulting in net proceeds of \$1,346,156 and \$1,181,608, respectively.

(4) LEASE COMMITMENTS

Concern Worldwide leases its office facilities in New York City under an operating lease expiring May 31, 2011 with a base rent ranging from \$11,856 to \$13,413 per month. The lease is subject to adjustments for escalations and certain operating expenses. Additionally, Concern Worldwide leases office facilities in Chicago, Illinois, under an operating lease expiring May 31, 2009. Rent expense for the years ended December 31, 2007 and 2006, was approximately \$166,000 and \$156,000, respectively.

Concern Worldwide also leases office equipment under various operating leases. Lease expense was approximately \$3,000 and \$3,500 for the years ended December 31, 2007 and 2006, respectively.

Future minimum rentals under all non-cancelable operating leases at December 31, 2007 are as follows:

	Office Facilities	Equipment	Total
2008	\$168,000	\$ 3,000	\$171,000
2009	162,000	-	162,000
2010	159,000	-	159,000
2011	<u>67,000</u>	<u>-</u>	<u>67,000</u>
	<u>\$556,000</u>	<u>\$ 3,000</u>	<u>\$559,000</u>