

CONCERN WORLDWIDE (U.S.), INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2008

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, 2008, 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 2007 financial statements and, in our report dated March 28, 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, 2008, 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
April 13, 2009**

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 849,675	\$ 254,959
Receivables:		
U.S. Government – USAID	2,742,447	2,625,501
Other	142,776	221,130
Prepaid expenses and other assets	<u>22,680</u>	<u>23,455</u>
Total Current Assets	<u>3,757,578</u>	<u>3,125,045</u>
Deposits	29,398	29,398
Equipment – net of accumulated depreciation of \$82,030 in 2008 and \$26,654 in 2007	<u>99,630</u>	<u>127,254</u>
	<u>129,028</u>	<u>156,652</u>
Total Assets	<u>\$3,886,606</u>	<u>\$3,281,697</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 563,790	\$ 283,359
Grants due to Concern Worldwide IRL and other Partners	<u>2,484,238</u>	<u>2,374,185</u>
Total Current Liabilities	<u>3,048,028</u>	<u>2,657,544</u>
NET ASSETS		
Unrestricted	408,016	32,980
Temporarily restricted	<u>430,562</u>	<u>591,173</u>
	<u>838,578</u>	<u>624,153</u>
Total Liabilities And Net Assets	<u>\$3,886,606</u>	<u>\$3,281,697</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2008 with Summarized Information for 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Support and Revenue				
Contributions and non-government grants	\$ 401,517	\$ 8,602,925	\$ 9,004,442	\$ 1,649,744
Support from Concern Worldwide IRL	1,297,341	-	1,297,341	1,183,886
Government grants	9,129,086	-	9,129,086	5,838,309
Special events – net	1,432,671	211,225	1,643,896	1,346,156
Investment income	21,875	-	21,875	34,635
Net assets released from restrictions	<u>8,974,761</u>	<u>(8,974,761)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>21,257,251</u>	<u>(160,611)</u>	<u>21,096,640</u>	<u>10,052,730</u>
Expenses				
Program activities	19,720,825	-	19,720,825	10,205,992
General and administrative	632,974	-	632,974	535,957
Fundraising	<u>528,416</u>	<u>-</u>	<u>528,416</u>	<u>463,137</u>
Total expenses	<u>20,882,215</u>	<u>-</u>	<u>20,882,215</u>	<u>11,205,086</u>
Change in net assets	375,036	(160,611)	214,425	(1,152,356)
Net Assets				
Beginning of year	<u>32,980</u>	<u>591,173</u>	<u>624,153</u>	<u>1,776,509</u>
End of year	<u>\$ 408,016</u>	<u>\$ 430,562</u>	<u>\$ 838,578</u>	<u>\$ 624,153</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 214,425	\$(1,152,356)
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation and amortization	55,376	25,486
Loss on disposal of equipment	1,500	-
(Increase) decrease in		
Receivables – U.S. Government – USAID	(116,946)	(420,470)
Receivables – other	78,354	46,303
Prepaid expenses and other assets	775	(7,528)
Increase (decrease) in		
Accounts payable and accrued liabilities	280,431	117,625
Grants due to Concern Worldwide IRL	<u>110,053</u>	<u>439,727</u>
Net cash provided by (used for) operating activities	<u>623,968</u>	<u>(951,213)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(29,252)</u>	<u>(143,239)</u>
Net cash used for investing activities	<u>(29,252)</u>	<u>(143,239)</u>
Net increase (decrease) in cash and cash equivalents	594,716	(1,094,452)
CASH AND CASH EQUIVALENTS		
Beginning	<u>254,959</u>	<u>1,349,411</u>
Ending	<u>\$ 849,675</u>	<u>\$ 254,959</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2008 with Summarized Information for 2007

	<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>2008 Total</u>	<u>2007 Total</u>
Salaries and Benefits	\$ 371,433	\$406,425	\$ 777,858	\$318,978	\$377,810	\$ 696,788	\$ 1,474,646	\$ 1,261,168
Travel, Lodging and meetings	169,957	42,708	212,665	10,852	19,926	30,778	243,443	168,522
Printing and Publications	4,091	44,884	48,975	5,261	19,261	24,522	73,497	96,360
Professional Fees	1,164	2,032	3,196	98,119	1,187	99,306	102,502	115,513
Website Management	5,945	5,281	11,226	10,730	6,059	16,789	28,015	15,137
Dues and Subscriptions	-	1,118	1,118	47,200	2,269	49,469	50,587	26,196
Office Supplies and Expenses	6,600	7,453	14,053	34,329	11,308	45,637	59,690	60,473
Video and Exhibitions	955	10,884	11,839	1,724	1,242	2,966	14,805	22,683
Occupancy	38,718	37,555	76,273	69,881	53,821	123,702	199,975	193,632
Miscellaneous Expenses	1,335	3,914	5,249	-	1,431	1,431	6,680	2,294
Packing, Postage and Shipping	2,586	8,193	10,779	4,336	14,247	18,583	29,362	44,729
Telephone	6,052	5,315	11,367	9,890	7,616	17,506	28,873	24,387
Grants								
Concern Worldwide IRL	12,438,478	-	12,438,478	-	-	-	12,438,478	8,777,000
Innovation Grant	5,601,856	-	5,601,856	-	-	-	5,601,856	-
Other Partners	474,430	-	474,430	-	-	-	474,430	371,506
Depreciation	<u>12,009</u>	<u>9,454</u>	<u>21,463</u>	<u>21,674</u>	<u>12,239</u>	<u>33,913</u>	<u>55,376</u>	<u>25,486</u>
Total Expenses	<u>\$19,135,609</u>	<u>\$585,216</u>	<u>\$19,720,825</u>	<u>\$632,974</u>	<u>\$528,416</u>	<u>\$1,161,390</u>	<u>\$20,882,215</u>	<u>\$11,205,086</u>

See notes to financial statements.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

(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 monitoring the financial institutions in which deposits are made.

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, 2008 and 2007

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, 2007, from which the summarized information was derived.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2008 and 2007

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007 of \$430,562 and \$591,173, respectively, are available for use in future periods.

For the year ended December 31, 2008, net assets of \$8,974,761 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 2008 and 2007, Concern Worldwide held several fund-raising events. The gross receipts from these events were \$2,127,841 and \$1,833,079 for 2008 and 2007, respectively. Direct expenses consisting of \$483,945 in 2008 and \$486,923 in 2007 were charged against these receipts resulting in net proceeds of \$1,643,896 and \$1,346,156, respectively.

(4) INNOVATION GRANT

Concern Worldwide US received a grant in the amount of \$41,983,670 over the period November 3, 2008 to November 3, 2013 from the Bill & Melinda Gates Foundation (“*Gates Foundation*”). The grant is to test innovative solutions to critical implementation bottlenecks in six priority countries focusing on increasing coverage of effective intervention for maternal and child health. Concern Worldwide IRL is the organization which is carrying out the services of this grant. As a result, as funds are received from the Gates Foundation, Concern Worldwide US forwards directly to Concern Worldwide IRL. A total of \$5,601,856 was received by Concern Worldwide US and forwarded to Concern Worldwide IRL in 2008.

(5) 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, 2008 and 2007, was approximately \$170,000 and \$166,000, respectively.

Concern Worldwide also leases office equipment under various operating leases. Lease expense was approximately \$4,000 and \$3,000 for the years ended December 31, 2008 and 2007, respectively.

Future minimum rentals under all non-cancelable operating leases at December 31, 2008 are as follows:

	<u>Office Facilities</u>	<u>Equipment</u>	<u>Total</u>
2009	\$162,000	\$4,000	\$166,000
2010	159,000	-	159,000
2011	<u>67,000</u>	<u>-</u>	<u>67,000</u>
	<u>\$388,000</u>	<u>\$4,000</u>	<u>\$392,000</u>
