

CONCERN WORLDWIDE (U.S.), INC.

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

DECEMBER 31, 2010

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, 2010, 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 2009 financial statements and, in our report dated April 8, 2010, 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, 2010, 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 20, 2011

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$1,225,165	\$1,000,064
Receivables:		
U.S. Government	6,516,194	3,149,585
Other	323,922	4,205,530
Prepaid expenses and other assets	<u>84,217</u>	<u>27,057</u>
Total Current Assets	<u>8,149,498</u>	<u>8,382,236</u>
Cash – restricted	134,126	-
Deposits	29,398	29,398
Equipment – net of accumulated depreciation of \$163,197 in 2010 and \$139,759 in 2009	<u>26,772</u>	<u>46,327</u>
	<u>190,296</u>	<u>75,725</u>
Total Assets	<u>\$8,339,794</u>	<u>\$8,457,961</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 572,559	\$ 468,992
Grants due to Concern Worldwide IRL and other Partners	<u>5,961,652</u>	<u>6,848,363</u>
Total Current Liabilities	<u>6,534,211</u>	<u>7,317,355</u>
NET ASSETS		
Unrestricted	1,059,732	448,527
Temporarily restricted	<u>745,851</u>	<u>692,079</u>
	<u>1,805,583</u>	<u>1,140,606</u>
Total Liabilities And Net Assets	<u>\$8,339,794</u>	<u>\$8,457,961</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2010 with Summarized Information for 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Support and Revenue				
Contributions and non-government grants	\$ 840,412	\$ 6,963,560	\$ 7,803,972	\$ 8,727,783
Support from Concern Worldwide IRL	1,258,508	-	1,258,508	1,248,084
Government grants	20,637,097	-	20,637,097	9,421,722
Special events – net	976,288	1,327,714	2,304,002	1,498,763
Investment income	5,765	-	5,765	2,904
Net assets released from restrictions	<u>8,237,502</u>	<u>(8,237,502)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>31,955,572</u>	<u>53,772</u>	<u>32,009,344</u>	<u>20,899,256</u>
Expenses				
Program activities	29,871,844	-	29,871,844	19,333,494
General and administrative	803,957	-	803,957	705,089
Fundraising	<u>668,566</u>	<u>-</u>	<u>668,566</u>	<u>558,645</u>
Total expenses	<u>31,344,367</u>	<u>-</u>	<u>31,344,367</u>	<u>20,597,228</u>
Change in net assets	611,205	53,772	664,977	302,028
Net Assets				
Beginning of year	<u>448,527</u>	<u>692,079</u>	<u>1,140,606</u>	<u>838,578</u>
End of year	<u>\$ 1,059,732</u>	<u>\$ 745,851</u>	<u>\$ 1,805,583</u>	<u>\$ 1,140,606</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 664,977	\$ 302,028
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	45,352	57,729
Loss on disposal of equipment	-	-
(Increase) decrease in		
Receivables – U.S. Government	(3,366,609)	(407,138)
Receivables – other	3,881,608	(4,062,754)
Prepaid expenses and other assets	(57,160)	(4,377)
Increase (decrease) in		
Accounts payable and accrued liabilities	103,567	(94,798)
Grants due to Concern Worldwide IRL	<u>(886,711)</u>	<u>4,364,125</u>
Net cash provided by operating activities	<u>385,024</u>	<u>154,815</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(25,797)</u>	<u>(4,426)</u>
Net cash used for investing activities	<u>(25,797)</u>	<u>(4,426)</u>
Net increase in cash and cash equivalents	359,227	150,389
CASH AND CASH EQUIVALENTS		
Beginning	<u>1,000,064</u>	<u>849,675</u>
Ending	<u>\$ 1,359,291</u>	<u>\$ 1,000,064</u>

CONCERN WORLDWIDE (U.S.), INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2010 with Summarized Information for 2009

	<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>2010 Total</u>	<u>2009 Total</u>
Salaries and Benefits	\$ 574,329	\$497,343	\$ 1,071,672	\$413,682	\$455,416	\$ 869,098	\$ 1,940,770	\$ 1,689,819
Travel, Lodging and meetings	150,048	53,987	204,035	17,433	19,104	36,537	240,572	189,846
Printing and Publications	5,384	36,641	42,025	5,194	23,463	28,657	70,682	70,436
Professional Fees	17,162	17,076	34,238	188,981	31,152	220,133	254,371	152,593
Website Management	9,005	24,602	33,607	6,486	7,141	13,627	47,234	20,050
Dues and Subscriptions	1,740	1,312	3,052	47,869	2,663	50,532	53,584	24,173
Office Supplies and Expenses	11,430	13,226	24,656	62,097	15,873	77,970	102,626	72,253
Video and Exhibitions	1,490	12,311	13,801	1,073	1,181	2,254	16,055	17,009
Occupancy	57,666	59,425	117,091	41,536	64,992	106,528	223,619	206,372
Miscellaneous Expenses	33,393	13,451	46,844	-	11,284	11,284	58,128	10,859
Packing, Postage and Shipping	4,096	9,372	13,468	2,652	14,435	17,087	30,555	23,769
Telephone	10,459	10,335	20,794	7,287	11,220	18,507	39,301	32,430
Grants								
Concern Worldwide IRL	27,498,099	-	27,498,099	-	-	-	27,498,099	13,433,335
Innovation Grant	20,697	-	20,697	-	-	-	20,697	3,979,303
Other Partners	702,722	-	702,722	-	-	-	702,722	617,252
Depreciation	<u>13,421</u>	<u>11,622</u>	<u>25,043</u>	<u>9,667</u>	<u>10,642</u>	<u>20,309</u>	<u>45,352</u>	<u>57,729</u>
Total Expenses	<u>\$29,111,141</u>	<u>\$760,703</u>	<u>\$29,871,844</u>	<u>\$803,957</u>	<u>\$668,566</u>	<u>\$1,472,523</u>	<u>\$31,344,367</u>	<u>\$20,597,228</u>

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

(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 recruiting personnel, providing training, technical program support and financial 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.

SUBSEQUENT EVENTS

Subsequent events after the balance sheet through the date that the financial statements were available for issuance, April 20, 2011, have been evaluated in the preparation of the financial statements.

CONCENTRATION OF CREDIT RISK

Concern Worldwide occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*" 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.

Management has reviewed the tax positions for each of the open tax years (2007 – 2009) or expected to be taken in Concern Worldwide's 2010 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2010 and 2009

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, furniture and fixtures – 5 years, computers 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.

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 Government, from the United States Agency for International Development (“**USAID**”), including the Office of Foreign Disaster Assistance (“**OFDA**”), and from the United States Department of State Bureau of Population, Refugees and Migration (“**BPRM**”). 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.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2010 and 2009

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, 2009, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2009 financial statements to conform to the 2010 presentation.

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Use in future periods	\$725,154	\$692,079
Innovation Grant	<u>20,697</u>	<u>-</u>
	<u>\$745,851</u>	<u>\$692,079</u>

For the year ended December 31, 2010, net assets of \$8,237,502 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 2010 and 2009, Concern Worldwide held several fund-raising events. The gross receipts from these events were \$2,794,661 and \$1,973,349 for 2010 and 2009, respectively. Direct expenses consisting of \$490,659 in 2010 and \$474,585 in 2009 were charged against these receipts resulting in net proceeds of \$2,304,002 and \$1,498,763, 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. As of December 31, 2010, Concern Worldwide IRL had approximately \$4,600,000 of unspent grant funding. Total revenue and expenses recorded from the Gates Foundation was \$20,697 and \$3,979,303 in 2010 and 2009, respectively. Effective January 1, 2011 the management of the Innovation grant will be transferred to Concern Worldwide US.

CONCERN WORLDWIDE (U.S.), INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2010 and 2009

(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 \$22,400 to \$24,000 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, 2011. Rent expense for the years ended December 31, 2010 and 2009, was approximately \$185,000 and \$180,000, respectively.

Concern Worldwide also leases office equipment under various operating leases. Lease expense was approximately \$6,000 for each of the two years ended December 31, 2010.

Future minimum rentals under all non-cancelable operating leases at December 31, 2010 are approximately as follows:

	<u>Office Facilities</u>
2011	\$ 345,000
2012	268,500
2013	268,500
2014	268,500
2015	287,500
2016 and thereafter	<u>862,500</u>
	<u>\$2,300,500</u>