

Eisner

WorldAid
N E W Y O R K

FINANCIAL STATEMENTS

PERIOD FROM FEBRUARY 1, 2001
(DATE OF INCEPTION) TO
DECEMBER 31, 2001

INDEPENDENT AUDITORS' REPORT

Board of Directors
World Aid New York, Inc.
New York, New York

We have audited the accompanying statement of financial position of World Aid New York, Inc. (the "Company") as of December 31, 2001, and the related statements of activities, functional expenses and cash flows for the period from February 1, 2001 (date of inception) to December 31, 2001. These financial statements are the responsibility of the Company'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 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 enumerated above present fairly, in all material respects, the financial position of World Aid New York, Inc. as of December 31, 2001, and the changes in its net assets and its cash flows for the period from February 1, 2001 (date of inception) to December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Eisner LLP

New York, New York
February 22, 2002

WORLD AID NEW YORK, INC.

**Statement of Financial Position
December 31, 2001**

ASSETS

Cash	\$ 254,813
Accounts receivable	2,500
Assets held for auction	<u>9,014</u>
	<u>\$ 266,327</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 37,945
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Net assets:

Unrestricted	<u>228,382</u>
	<u>\$ 266,327</u>

WORLD AID NEW YORK, INC.**Statement of Activities****For the Period From February 1, 2001 (Date of Inception) to December 31, 2001**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and public support:			
Contributions	\$ 266,845	\$ 15,500	\$ 282,345
Donated services	62,100		62,100
Special event income (net of \$34,084 of direct benefit to donors)	<u>37,091</u>		<u>37,091</u>
Total revenues and public support before net assets released from restrictions	366,036	15,500	381,536
Net assets released from restrictions	<u>15,500</u>	<u>(15,500)</u>	<u>0</u>
Total revenues and public support	<u>381,536</u>	<u>0</u>	<u>381,536</u>
Expenses:			
Program services	<u>93,466</u>		<u>93,466</u>
Supporting services:			
Management and general	37,215		37,215
Fund-raising	<u>22,473</u>		<u>22,473</u>
Total supporting services	<u>59,688</u>		<u>59,688</u>
Total expenses	<u>153,154</u>		<u>153,154</u>
Change in net assets and net asset balance - end of period	<u>\$ 228,382</u>	<u>\$ 0</u>	<u>\$ 228,382</u>

WORLD AID NEW YORK, INC.

Statement of Functional Expenses

For the Period From February 1, 2001 (Date of Inception) to December 31, 2001

	Program Services					
	World Trade Center	Mozambique	South Africa	Columbia	Macedonia and Other	Total
Grant expense	\$21,638	\$ 16,000		\$ 5,000		\$ 42,638
Donated services		11,450	\$ 13,000	250	\$ 13,050	37,750
Professional and consulting fees						
Travel		6,224	6,576			12,800
Special event costs						
Administrative services						
Office rent						
Office supplies			11			11
Telephone and postage			25			25
Miscellaneous expense		196	46			242
Total expenses	<u>\$21,638</u>	<u>\$ 33,870</u>	<u>\$ 19,658</u>	<u>\$ 5,250</u>	<u>\$ 13,050</u>	<u>\$ 93,446</u>

	Supporting Services		
	Management and General	Fund-raising	Total Expenses
Grant expense			\$ 42,638
Donated services	\$ 10,150	\$ 14,200	62,100
Professional and consulting fees	21,831		21,831
Travel	250		13,050
Special event costs		7,019	7,019
Administrative services	1,280	864	2,144
Office rent	2,100		2,100
Office supplies	1,170	218	1,399
Telephone and postage	205	172	402
Miscellaneous expense	229		471
Total expenses	<u>\$ 37,215</u>	<u>\$ 22,473</u>	<u>\$ 153,154</u>

WORLD AID NEW YORK, INC.

Statement of Cash Flows

For the Period From February 1, 2001 (Date of Inception) to December 31, 2001

Cash flows from operating activities:

Change in net assets	\$ 228,382
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in:	
Accounts receivable	(2,500)
Accounts payable and accrued expenses	37,945
Gain on sale of assets held for auction	<u>(720)</u>
Net cash provided by operating activities	<u>263,107</u>

Cash flows from investing activities:

Purchase of assets held for auction	(10,244)
Sale of assets held for auction	<u>1,950</u>
Net cash used in investing activities	<u>(8,294)</u>

Net change in cash and cash - end of period **\$ 254,813**

WORLD AID NEW YORK, INC.

Notes to Financial Statements December 31, 2001

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

World Aid New York, Inc. (the "Company") was originally established as a program of Times Square Church (the "Church") in 2000, in response to the growing need for humanitarian aid around the world. On February 1, 2001, the activities of the Company were incorporated into a separate entity operating independently from the Church.

The Company's purpose is to provide humanitarian aid to primarily children and youth in poverty-stricken areas of the world. The Company's efforts are focused on short-term relief and long-term care, including shelter, food, clothing, medical care, and education and training.

The Company is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

[2] Financial reporting:

(a) Accrual basis of accounting:

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations.

(b) Functional allocation of expenses:

The costs of providing the Company's various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management, as reported in the accompanying statement of functional expenses.

(c) Use of 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 amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(d) Net assets:

The net assets of the Company and the changes therein are classified and reported as follows:

Unrestricted:

Unrestricted net assets represent those resources for which there is no donor restriction.

Temporarily restricted:

Temporarily restricted net assets are those resources that have been restricted by donors for specific purposes. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor, or by the occurrence of other events.

WORLD AID NEW YORK, INC.

Notes to Financial Statements December 31, 2001

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Contributions:

Contributions to the Company are recognized as revenue upon receipt of either cash or other assets or of unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Donated services and goods are reported at their fair market values, as both revenue and expense, in the accompanying statement of activities.

NOTE B - SPECIAL EVENTS

On October 2, 2001, the Company hosted a benefit golf tournament. This tournament aided in raising funds for the Company's mission.

NOTE C - DONATED SERVICES

The Company does not have paid employees, and all services are largely donated by members of the Board of Directors and the Core Advisory Group. The approximate fair market value of services provided to the Company during the year was \$62,100, of which approximately \$2,300 were donated legal services.

NOTE D - TRANSITIONAL OPERATING ARRANGEMENTS

As discussed in Note A, the Company separated from Times Square Church in February 2001 and received a one time contribution of \$177,720 from the Church, representing the net proceeds collected while the Company operated as a program of the Church. The Church has made no financial commitments to the Company and has made no other financial contributions to the Company.

As discussed in Note C, the Company had no paid employees during the period. As a result, the Church continued to provide certain administrative services and office space, the fair value of which was paid by the Company.

During the period the Church, as agent, paid certain expenses on behalf of the Company and received certain contributions designated for the Company. The resulting net payable to the Church of \$21,016 was paid by the Company in the first quarter of 2002.