

**World Aid, Inc.**  
**New York**

Financial statements  
and  
Auditor's Report

Year Ended December 31, 2002

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

### **Independent Auditor's Report**

We have audited the accompanying statement of financial position of World Aid New York, Inc. (the "Organization") as of December 31, 2002, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2002. 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.

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, 2002, and the changes in its net assets and its cash flows for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

June 4, 2003

**World Aid New York, Inc.**  
**Statement of Financial Position**  
**December 31, 2002**

<b>ASSETS</b>		
Cash		\$ 212,044
Deposits		<u>2,122</u>
	Total assets	<u>\$ 214,166</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
	Grants payable	\$ 175,000
	Accounts payable and accrued expenses	6,215
Net assets:		
	Unrestricted	<u>32,951</u>
	Total liabilities and net assets	<u>\$ 214,166</u>

See notes to financial statements.

**World Aid New York, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2002**

<b>Revenues and public support:</b>		
Contributions		\$ 66,565
Donated services		83,300
Special event income	\$ 79,300	
Less special event expense	<u>(30,909)</u>	
Net revenue from special event		<u>48,391</u>
	Total revenues and public support	<u>198,256</u>
<b>Expenses:</b>		
Program services		<u>302,020</u>
Supporting services:		
Management and general		69,853
Fund-raising		<u>21,814</u>
	Total supporting services	<u>91,667</u>
	Total expenses	<u>393,687</u>
	<b>Change in net assets</b>	<b>(195,431)</b>
	<b>Net assets, beginning of year</b>	<u>228,382</u>
	<b>Net assets, end of year</b>	<u>\$ 32,951</u>

See notes to financial statements.

**World Aid New York, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2002**

<b>Cash flows from operating activities:</b>		
Change in net assets		\$ (195,431)
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Changes in:		
Accounts receivable		2,500
Grants payable		175,000
Accounts payable and accrued expenses		(31,730)
Write off of assets held for auction		9,014
Deposits		<u>(2,122)</u>
Net cash used by operating activities		(42,769)
Cash at beginning of year		<u>254,813</u>
Cash at end of year		<u>\$ 212,044</u>

See notes to financial statements.



**World Aid New York, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2002**

	Program Services						Supporting Services			Total Expenses
	Pakistan/ Afghanistan & Other	Mozambique/ Rwanda/ Nigeria	South Africa	Colombia	Macedonia	Total	Management and General	Fund- Raising		
Grant expense		\$ 16,540	\$ 185,000	\$ 6,000		\$ 207,540			\$ 207,540	
Donated services		1,250	33,250	1,250	16,250	52,000		25,250	6,050	83,300
Professional and consulting fees					3,487	3,487	23,458			26,945
Travel	\$ 5,698		13,883		4,652	24,233	3,311		615	28,159
Special event costs					4,979	5,206	4,454	3,094	3,532	13,192
Administrative services	227				2,296	2,296	4,200			6,496
Office rent/property expense	7				684	871	31			902
Telephone and postage					5,441	6,387	9,149		8,523	24,059
Miscellaneous expenses	696		250							
<b>Total expenses</b>	<b>\$ 6,628</b>	<b>\$ 17,790</b>	<b>\$ 232,563</b>	<b>\$ 7,250</b>	<b>\$ 37,789</b>	<b>\$ 302,020</b>	<b>\$ 69,853</b>	<b>\$ 21,814</b>	<b>\$ 393,687</b>	



**World Aid New York, Inc.**  
**Notes to Financial Statements**  
**December 31, 2002**

**Note A – Organization and Summary of Significant Accounting Policies**

**1. Organization:**

World Aid New York, Inc. (the “Organization”) 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 Organization were incorporated into a separate entity operating independently from the Church. The Church has made no financial commitments to the Organization and has made no other financial contributions to the Organization

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

The Organization 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 Organization 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 Organization’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.

**World Aid New York, Inc.**  
**Notes to Financial Statements**  
**December 31, 2002**

**Note A – Organization and Summary of Significant Accounting Policies (Continued)**

**d. Net assets:**

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

- Unrestricted net assets represent those resources for which there is no donor restriction.
- 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**3. Contributions:**

Contributions to the Organization 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.

**4. Grants:**

Grants are recorded as expenses when they are approved by the Board of Directors for payment.

**Note B – Special Events**

The Organization hosted a benefit golf tournament. This tournament aided in raising funds for the Organization's mission.

**Note C – Donated Services**

The Organization 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 Organization during the year was \$83,300.

**Note D – Operating Arrangements**

As discussed in Note C, the Organization 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 Organization.

**Note E – Grants Payable**

An unconditional promise to give \$175,000 has been reported as an accrual. This funding was approved in 2002 and disbursed to The Doctors for Life International in April 2003 as support for the construction and operation of a mobile medical clinic unit.