

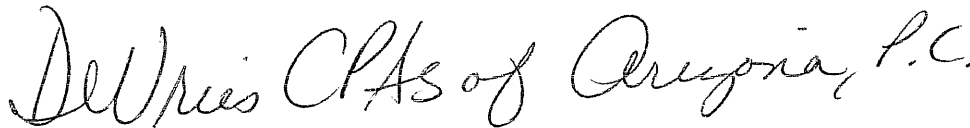
INDEPENDENT AUDITORS' REPORT

Board of Directors
World Care
Tucson, Arizona

We have audited the accompanying statements of financial position of World Care (an Arizona nonprofit organization) as of December 31, 2008 and 2007 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of World Care's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 World Care as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



DEVRIES CPAS OF ARIZONA, P.C.

April 28, 2009

Integrity is the highest form of service.

WORLD CARE
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 151,366 | \$ 176,768 |
| Accounts receivable | 8,412 | 10,058 |
| Inventory - Notes 3 and 7 | 1,252,483 | 1,473,959 |
| Prepaid expenses | 597 | 2,099 |
| Equipment - Note 4 | <u>22,645</u> | <u>35,371</u> |
| | <u>\$ 1,435,503</u> | <u>\$ 1,698,255</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| Liabilities: | | |
| Accounts payable | \$ 16,296 | \$ 9,817 |
| Notes payable - Note 5 | <u>0</u> | <u>6,493</u> |
| | 16,296 | 16,310 |
| Net assets: | | |
| Unrestricted: | | |
| Available for operations | 87,527 | 147,624 |
| Donated inventory available for direct assistance | 1,252,483 | 1,473,959 |
| Expended for property and equipment | <u>22,645</u> | <u>28,878</u> |
| | 1,362,655 | 1,650,461 |
| Temporarily restricted - Note 6 | <u>56,552</u> | <u>31,484</u> |
| | <u>1,419,207</u> | <u>1,681,945</u> |
| | <u>\$ 1,435,503</u> | <u>\$ 1,698,255</u> |

See Accompanying Notes.

WORLD CARE
STATEMENTS OF ACTIVITIES
Years ended December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| Unrestricted net assets: | | |
| Public support and revenues: | | |
| Government grants | \$ 121 | \$ 13,000 |
| Other grants | 15,250 | 14,000 |
| Individual/corporate contributions | 40,507 | 83,035 |
| Program service fees | 25,627 | 14,428 |
| Donated goods and services - Note 7 | 4,080,700 | 4,057,847 |
| Interest income | 2,902 | 5,139 |
| Book and computer sales | 175,284 | 202,184 |
| Rental income | 4,370 | 6,275 |
| Miscellaneous income | 22,664 | 16,206 |
| Special event income | 8,136 | 25,017 |
| | <u>4,375,561</u> | <u>4,437,131</u> |
| Releases from restrictions | 41,119 | 16,781 |
| Donor redirect from temporarily restricted net assets | 0 | 213,369 |
| Total public support and revenues | <u>4,416,680</u> | <u>4,667,281</u> |
| Expenses: | | |
| Program services | 4,566,100 | 3,905,946 |
| Management and general | 117,138 | 122,302 |
| Fundraising | 14,467 | 19,224 |
| | <u>4,697,705</u> | <u>4,047,472</u> |
| Direct costs of special events | 6,781 | 3,737 |
| Total expenses | <u>4,704,486</u> | <u>4,051,209</u> |
| Increase (decrease) in unrestricted net assets | (287,806) | 616,072 |
| Temporarily restricted net assets: | | |
| Individual/corporate contributions | 66,187 | 28,759 |
| Releases from restrictions | (41,119) | (16,781) |
| Donor redirect to unrestricted net assets | 0 | (213,369) |
| Increase (decrease) in temporarily restricted net assets | <u>25,068</u> | <u>(201,391)</u> |
| Net increase (decrease) in net assets | (262,738) | 414,681 |
| Net assets, beginning of year | <u>1,681,945</u> | <u>1,267,264</u> |
| Net assets, end of year | <u>\$ 1,419,207</u> | <u>\$ 1,681,945</u> |

See Accompanying Notes.

WORLD CARE
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2008

| | Program services | | | | | Support services | | |
|---|-------------------|------------------|----------------------------|-----------------|------------------------|------------------------|-------------|--------------|
| | Tools for Schools | Tools for Health | Tools for Emergency Relief | Tools for Earth | Total program services | Management and general | Fundraising | Total |
| Salaries and wages | \$ 36,690 | \$ 3,817 | \$ 15,917 | \$ 28,847 | \$ 85,271 | \$ 43,631 | \$ 9,293 | \$ 138,195 |
| Payroll taxes and employee benefits | 4,784 | 513 | 2,533 | 3,663 | 11,493 | 6,807 | 1,123 | 19,423 |
| | 41,474 | 4,330 | 18,450 | 32,510 | 96,764 | 50,438 | 10,416 | 157,618 |
| Direct assistance to individuals - Note 7 | 822,657 | 2,568,855 | 282,429 | 384,855 | 4,058,796 | | | 4,058,796 |
| Grants and allocations | | | 15,165 | | 15,165 | | | 15,165 |
| Accounting and legal fees | 106 | 11 | 45 | 84 | 246 | 5,677 | | 5,677 |
| Advertising and promotion | 26,897 | 18,225 | 686 | 19,777 | 65,585 | 4,490 | 692 | 70,767 |
| Contract services - Note 7 | | | | | | | | |
| Donor and volunteer acknowledgements | 594 | 46 | 190 | 400 | 1,230 | 1,657 | | 2,887 |
| Insurance | 1,815 | 218 | 1,031 | 1,424 | 4,488 | 8,998 | 65 | 13,551 |
| Interest | | | | | | 299 | | 299 |
| Miscellaneous | 1,362 | | 235 | | 1,597 | 295 | | 1,892 |
| Occupancy | 33,863 | 1,780 | 7,587 | 13,579 | 56,809 | 2,467 | 450 | 59,726 |
| Occupancy - inkind - Note 7 | 126,225 | 48,375 | 11,925 | 12,150 | 198,675 | 24,075 | 2,250 | 225,000 |
| Office expenses | 1,218 | 791 | 82 | | 2,091 | 8,886 | 403 | 11,380 |
| Repairs and maintenance | 2,383 | 249 | 925 | 1,918 | 5,475 | 88 | 13 | 5,576 |
| Shipping and freight | 1,824 | | 19,789 | | 21,613 | 269 | | 21,882 |
| Supplies | 4,549 | 1,725 | 10,106 | 375 | 16,755 | 1,970 | | 18,725 |
| Telephone | 735 | 76 | 317 | 578 | 1,706 | 3,755 | | 5,461 |
| Travel | 2,323 | 717 | 3,120 | 664 | 6,824 | 3,507 | | 10,331 |
| Depreciation | 5,321 | 545 | 4,185 | 2,230 | 12,281 | 267 | 178 | 12,726 |
| | \$ 1,073,346 | \$ 2,645,943 | \$ 376,267 | \$ 470,544 | \$ 4,566,100 | \$ 117,138 | \$ 14,467 | \$ 4,697,705 |

See Accompanying Notes.

WORLD CARE
STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-----------------------|-----------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ (262,738) | \$ 414,681 |
| Adjustment to reconcile change in net assets to net cash from operating activities - | | |
| Depreciation | 12,726 | 12,876 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 1,646 | (5,924) |
| Inventory | 221,476 | (423,424) |
| Prepaid expenses | 1,502 | (322) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | <u>6,479</u> | <u>(738)</u> |
| Net cash (used in) operating activities | <u>(18,909)</u> | <u>(2,851)</u> |
| Cash flows (used in) financing activities: | | |
| Repayment of notes payable | <u>(6,493)</u> | <u>(4,973)</u> |
| Net (decrease) in cash and cash equivalents | (25,402) | (7,824) |
| Cash and cash equivalents, beginning of year | <u>176,768</u> | <u>184,592</u> |
| Cash and cash equivalents, end of year | <u>\$ 151,366</u> | <u>\$ 176,768</u> |
| <u>Supplemental cash flow information:</u> | | |
| Cash paid for interest | <u>\$ 299</u> | <u>\$ 831</u> |
| No cash paid for income taxes in 2008 or 2007. | | |

See Accompanying Notes.