

WORLDWIDE ORPHANS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

WORLDWIDE ORPHANS FOUNDATION

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position at December 31, 2011 and 2010	2
Statements of Activities for the Years Ended December 31, 2011 and 2010	3
Statements of Functional Expenses for the Years Ended December 31, 2011 and 2010	4-5
Statements of Cash Flows for the Years Ended December 31, 2011 and 2010	6
Notes to Financial Statements	7-14



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Worldwide Orphans Foundation

We have audited the accompanying statements of financial position of Worldwide Orphans Foundation at December 31, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Agency'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. 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 Worldwide Orphans Foundation at December 31, 2011 and 2010 and changes in its net assets and cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAS, P.C.

New York, New York
December 31, 2012

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,046,880	\$ 1,767,365
Contributions and grants receivable	992,978	782,159
Overseas deposits	205,070	357,160
Prepaid expenses	88,040	80,564
Investments, at fair value	1,378,246	1,369,587
 Total Current Assets	 4,711,214	 4,356,835
 PROPERTY AND EQUIPMENT, NET	 636,945	 70,031
OTHER ASSETS:		
Security deposits	12,866	8,590
Contributions and grants receivable, long-term	526,911	185,194
 Total Other Assets	 539,777	 193,784
 TOTAL ASSETS	 \$ 5,887,936	 \$ 4,620,650
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 94,375	\$ 38,452
NET ASSETS:		
Unrestricted	4,009,403	3,412,295
Temporarily restricted	1,784,158	1,169,903
 Total Net Assets	 5,793,561	 4,582,198
 TOTAL LIABILITIES AND NET ASSETS	 \$ 5,887,936	 \$ 4,620,650

The accompanying notes are an integral part of these financial statements.

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND LOSSES:						
Contributions and gift in-kind	\$ 1,160,793	\$ 1,878,515	\$ 3,039,308	\$ 696,987	\$ 978,346	\$ 1,675,333
Government grants	696,117	-	696,117	687,051	-	687,051
Special events	1,714,531	-	1,714,531	1,530,263	-	1,530,263
Less: Direct cost of special events	(382,853)	-	(382,853)	(346,438)	-	(346,438)
Interest and dividend income	28,138	145	28,283	18,882	1,151	20,033
Unrealized (losses) gains on investments	(18,858)	-	(18,858)	18,631	-	18,631
Net assets released from restrictions	1,264,405	(1,264,405)	-	1,069,463	(1,069,463)	-
Total Revenues, Gains and Losses	4,462,273	614,255	5,076,528	3,674,839	(89,966)	3,584,873
EXPENSES:						
Program services						
Ethiopia	1,048,992	-	1,048,992	989,570	-	989,570
Vietnam	1,204,772	-	1,204,772	857,506	-	857,506
Bulgaria	445,000	-	445,000	364,006	-	364,006
Haiti	164,127	-	164,127	85,963	-	85,963
Serbia	33,257	-	33,257	54,844	-	54,844
Azerbaijan	-	-	-	12,308	-	12,308
Supporting services						
Management and general	619,773	-	619,773	192,312	-	192,312
Fundraising	349,244	-	349,244	415,274	-	415,274
Total Expenses	3,865,165	-	3,865,165	2,971,783	-	2,971,783
CHANGE IN NET ASSETS	597,108	614,255	1,211,363	703,056	(89,966)	613,090
NET ASSETS, BEGINNING OF YEAR	3,412,295	1,169,903	4,582,198	2,709,239	1,259,869	3,969,108
NET ASSETS, END OF YEAR	\$ 4,009,403	\$ 1,784,158	\$ 5,793,561	\$ 3,412,295	\$ 1,169,903	\$ 4,582,198

The accompanying notes are an integral part of these financial statements.

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

2011

	Program Services					Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia					
Salaries	\$ 330,411	\$ 266,358	\$ 74,430	\$ 26,800	\$ 4,681	\$ 702,680	\$ 499,333	\$ 208,538	\$ -	\$ 1,410,551
Payroll taxes and employee benefits	96,257	97,651	17,172	6,382	1,307	218,769	41,072	12,250	-	272,091
Supplies	130,763	424,656	55,514	4,590	66	615,589	2,068	615	-	618,272
Taxes and fees	50,180	-	-	-	-	50,180	611	-	-	50,791
Telecommunication	6,588	11,099	3,671	1,285	91	22,734	2,847	848	-	26,429
Postage and shipping	914	375	6,024	41	109	7,463	262	78	-	7,803
Advertising, marketing, website	3,838	496	182	68	14	4,598	436	130	-	5,164
Development	125	3,661	-	-	-	3,786	100	-	-	3,886
Dues and subscriptions	1,149	-	74	464	-	1,687	3,503	279	-	5,469
Occupancy	97,474	52,852	4,928	2,732	375	158,361	11,789	3,516	-	173,666
Equipment rental	3,415	1,645	605	225	46	5,936	1,447	431	-	7,814
Facilities	29,451	21,911	2,488	5,994	70	59,914	2,218	660	-	62,792
Printing and publication	5,069	3,242	257	850	10	9,428	327	13,395	-	23,150
Stipends	18,260	86,387	136,538	2,805	-	243,990	-	-	-	243,990
Travel	67,232	66,312	23,150	12,439	1,764	170,897	2,808	1,449	-	175,154
Meetings and conferences	2,057	350	3,041	1,514	30	6,992	5,581	682	-	13,255
Nonprofit advisor fees	42,937	26,919	41,396	82,815	2,145	196,212	-	49,815	-	246,027
Professional fees	31,308	18,635	68,016	6,673	441	125,073	15,009	18,347	-	158,429
School supplies and resources	31,987	72,847	-	-	21,222	126,056	-	-	-	126,056
Bank merchant fees	425	760	236	34	7	1,462	219	33,808	-	35,489
Insurance	2,969	-	-	-	-	2,969	9,667	-	-	12,636
Miscellaneous	11,393	2,597	433	3,786	-	18,209	5,345	-	-	23,554
Orphan Rangers and volunteers	9,319	-	-	-	-	9,319	-	-	-	9,319
Training and mentoring	2,701	29,054	672	1,536	-	33,963	231	-	-	34,194
Video production	116	172	-	800	409	1,497	136	-	-	1,633
Depreciation	72,654	16,793	6,173	2,294	470	98,384	14,764	4,403	-	117,551
Catering and facility rental	-	-	-	-	-	-	-	-	382,853	382,853
Total Expenses	1,048,992	1,204,772	445,000	164,127	33,257	2,896,148	619,773	349,244	382,853	4,248,018
Less: Direct cost of special events	-	-	-	-	-	-	-	-	(382,853)	(382,853)
Total Expenses Reported by Function on the Statement of Activities	\$ 1,048,992	\$ 1,204,772	\$ 445,000	\$ 164,127	\$ 33,257	\$ 2,896,148	\$ 619,773	\$ 349,244	\$ -	\$ 3,865,165

The accompanying notes are an integral part of these financial statements.

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
DECEMBER 31, 2011 AND 2010

2010

	Program Services						Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia	Azerbaijan					
Salaries	\$ 384,529	\$ 265,134	\$ 84,773	\$ 49,704	\$ 14,532	\$ 706	\$ 799,378	\$ 92,002	\$ 252,232	\$ -	\$ 1,143,612
Payroll taxes and employee benefits	55,585	83,773	13,895	6,027	2,550	521	162,351	18,248	28,757	-	209,356
Supplies	140,512	227,671	45,182	1,442	119	1,551	416,478	694	817	-	417,989
Taxes and fees	30,680	467	593	-	-	-	31,740	625	-	-	32,365
Telecommunication	4,607	8,958	1,366	228	144	27	15,330	1,099	985	-	17,413
Postage and shipping	2,061	1,134	691	105	187	12	4,190	3,959	4,938	-	13,087
Advertising, marketing, website	2,928	374	159	36	26	5	3,529	200	179	-	3,908
Development, dues and subscriptions	234	1,468	81	-	-	-	1,783	17,896	39,676	-	59,355
Occupancy	84,575	28,663	4,074	931	672	124	119,037	5,124	4,594	-	128,756
Equipment rental	2,458	1,299	618	126	91	17	4,607	693	622	-	5,922
Printing and publication	6,778	1,113	1,661	6	5	1	9,563	36	32	-	9,631
Stipends	11,307	38,758	114,047	264	28	7,680	172,084	213	191	-	172,487
Travel	40,878	59,968	22,412	17,882	483	89	141,713	3,689	4,038	-	149,440
Meetings and conferences	3,486	453	137	-	-	-	4,076	104	-	-	4,180
Nonprofit advisor fees	76,848	24,861	1,531	4,041	6,822	5	114,109	228	44,603	-	158,940
Professional fees	20,776	14,809	62,218	1,209	771	142	99,925	15,830	5,276	-	121,032
Facilities	29,195	10,013	2,550	1,552	1,470	1,296	46,076	1,628	1,459	-	49,163
Bad debt expense	-	-	-	-	-	-	-	7,500	-	-	7,500
School supplies and resources	15,856	3,190	-	-	26,219	-	45,265	-	-	-	45,265
Bank merchant fees	901	269	288	-	-	-	1,458	1,692	19,805	-	22,955
Insurance	3,761	-	-	-	-	-	3,761	7,518	-	-	11,279
Catering and facility rental	-	-	-	-	-	-	-	-	-	346,438	346,438
Miscellaneous	19,445	30,233	486	1,407	-	-	51,571	7,807	2,115	-	61,493
Orphan Rangers and volunteers	22,312	-	-	-	-	-	22,312	-	-	-	22,312
Training and mentoring	7,383	36,231	-	-	-	-	43,614	-	-	-	43,614
Video production	10,577	8,316	2,847	-	-	-	21,740	-	-	-	21,740
Depreciation	11,898	10,352	4,395	1,004	724	133	28,506	5,527	4,955	-	38,989
Total Expenses	989,570	857,506	364,006	85,963	54,844	12,308	2,364,197	192,312	415,274	346,438	3,318,221
Less: Direct cost of special events	-	-	-	-	-	-	-	-	-	(346,438)	(346,438)
Total Expenses Reported by Runction on the Statement of Activities	\$ 989,570	\$ 857,506	\$ 364,006	\$ 85,963	\$ 54,844	\$ 12,308	\$ 2,364,197	\$ 192,312	\$ 415,274	\$ -	\$ 2,971,783

The accompanying notes are an integral part of these financial statements.

WORLDWIDE ORPHANS FOUNDATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 1,211,363	\$ 613,090
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	117,551	38,989
Unrealized losses (gains) on investments	18,858	(18,631)
Contributions of fixed assets	(375,000)	-
Contributions of securities	-	(63,098)
Changes in assets and liabilities:		
Contributions and grants receivable	(552,536)	(359,993)
Overseas deposits	152,090	(295,130)
Prepaid expenses	(7,476)	16,815
Security deposits	(4,276)	-
Accounts payable and accrued expenses	55,923	6,252
Net cash provided by (used in) operating activities	616,497	(61,706)
Cash flows from investing activities:		
Acquisition of property and equipment	(309,465)	(3,141)
Purchase of investments	(27,517)	(454,552)
Change in cash held for long-term purposes	-	(11,819)
Proceeds from sale of investments	-	511,503
Net cash (used in) provided by investing activities	(336,982)	41,991
Net increase (decrease) in cash and cash equivalents	279,515	(19,715)
Cash and cash equivalents, beginning of year	1,767,365	1,787,080
Cash and cash equivalents, end of year	\$ 2,046,880	\$ 1,767,365

The accompanying notes are an integral part of these financial statements.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1 - Nature and Purpose of Organization

Worldwide Orphans Foundation (the "Agency" or "WWO") is a not-for-profit organization founded and registered under the laws of the State of New York on September 11, 1997. In 2007, the Agency also registered under the laws of the State of New Jersey. WWO was organized exclusively for charitable and education purposes. The mission of the Agency is to transform the lives of orphaned children and help them to become healthy, independent, productive members of their communities and the world. The Agency believes that institutionalized children must be integrated in their own communities and cultures, and to that end, all WWO programs include orphans and children from the local areas.

WWO currently serves a population of over 25,000 individuals through programs in five different countries. The WWO program in Bulgaria focuses on early intervention projects in government children's homes across the country. The WWO program in Ethiopia focuses on the family health clinic which operates in Yeka sub-city in Addis Abada in partnership with AIDS Healthcare Foundation. The WWO Y2C program in Haiti includes early intervention for children under the age of five, as well as art-based recreational after-school and weekend activities for older children ages 6 to 14. In Serbia, WWO supports a College Assistance Project for four college-aged youths who had lived in the Children's Home "Mladost" in Kragujevac, and now live independently. WWO in Vietnam has played a leading role in working with children living with and affected by HIV/AIDS in residential care facilities through pediatric HIV/AIDS care and psychosocial support projects, and in the community for children and caregivers through psychosocial projects utilizing a case management approach and the establishment of Family Resource Centers. WWO is also served by hundreds of volunteers around the world.

WWO's primary sources of revenue are contributions, grants and special events. WWO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WWO and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that have no restrictions as to use or purpose imposed by donors.

Temporarily restricted net assets - Net assets whose use has been restricted by donors to a specific time period or purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 2 - Summary of Significant Accounting Policies (cont'd.)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting WWO's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At December 31, 2011 and 2010, the cost basis of WWO's financial instruments including cash and cash equivalents, contributions and grants receivable, overseas deposits and accounts payable and accrued expenses, approximated fair value due to the short maturity of these instruments.

Refer to Note 4 - Fair Value Measurements for assets measured at fair value.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. WWO does not accrue interest on past due receivables.

Grants Receivable

WWO records government grants as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, WWO establishes advances from government funders.

Allowance for Doubtful Accounts

WWO determines whether an allowance for uncollectible accounts should be provided for contributions receivable and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Contributions receivable and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2011 and 2010, management has determined that no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized when they exceed \$1,000 and have a useful life of over one year, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Gifts in kind are recorded at fair value at the date of donation.

Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

Depreciation of equipment is provided utilizing the straight-line method over the estimated useful lives as follows:

Equipment, furniture and vehicle	5 to 7 years
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WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

WWO 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 reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of donated services are reported as revenue and expenses at fair value if such services create or enhance nonfinancial assets, or required special skills and are provided by individuals possessing such special skills and would typically need to be purchased by WWO if they had not been donated.

Program Service Revenues, Government Grants and Accounts Receivable

Revenues and accounts receivable from program service fees are recognized when earned. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent; WWO establishes advances from government funders.

Functional Reporting

The costs of providing WWO's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

WWO follows the provisions pertaining to uncertain tax provisions in FASB ASC Topic 740, *Income Taxes*, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

New Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. This ASU represents the converged guidance of the FASB and the IASB (the "Boards") on fair value measurement. The collective efforts of the Boards and their staffs, reflected in ASU No. 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS.

The amendments to the FASB ASC in this ASU are to be applied prospectively. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. Nonpublic entities may apply the amendments in ASU No. 2011-04 early, but no earlier than for interim periods beginning after December 15, 2011. WWO has not yet determined whether the adoption of this standard will have a material impact on its financial statements.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 3 - Concentration of Credit Risk

WWO maintains cash balances in several financial institutions. Interest-bearing balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. In addition, all funds in noninterest-bearing accounts are insured by the FDIC through December 31, 2011. From time to time, WWO's balances may exceed these limits.

Note 4 - Fair Value Measurements

WWO measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect WWO's own assumptions of market participant valuation (unobservable inputs).

Items Measured at Fair Value on a Recurring Basis

The following table presents WWO's assets that are measured at fair value on a recurring basis:

	December 31, 2011			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and short-term securities	\$ 1,279,130	\$ -	-	\$ 1,279,130
Domestic preferred stocks	99,116	-	-	99,116
Total	\$ 1,378,246	\$ -	\$ -	\$ 1,378,246
	December 31, 2010			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and short-term securities	\$ 1,271,030	\$ -	\$ -	\$ 1,271,030
Domestic preferred stocks	98,557	-	-	98,557
Total	\$ 1,369,587	\$ -	\$ -	\$ 1,369,587

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Equipment, furniture and vehicle	\$ 514,040	\$ 119,955
Leasehold improvements	<u>268,468</u>	<u>91,061</u>
	782,508	211,016
Less: Accumulated depreciation and amortization	<u>145,563</u>	<u>140,985</u>
	<u>\$ 636,945</u>	<u>\$ 70,031</u>

Depreciation and amortization expense for the years ended December 31, 2011 and 2010 was \$117,551 and \$38,989, respectively. During 2011, WWO received a donated mobile unit valued at \$375,000.

Note 6 - Pension Plan

In January 2011, WWO has entered into a profit sharing plan for all eligible employees. WWO matches contributions at 3% to 5% based on employee contributions to the plan. Pension expense for the years ended December 31, 2011 and 2010 was \$24,942 and \$-0-, respectively.

Note 7 - Commitments

WWO leases space for its New Jersey office. At December 31, 2011, future minimum rental payments on this lease are as follows:

<u>Years Ending December 31:</u>			
2012		\$	61,192
2013			62,266
2014			63,363
2015			64,480
2016			<u>65,621</u>
		<u>\$</u>	<u>316,922</u>

Occupancy expense, including utilities and miscellaneous charges, was \$173,666 and \$128,756 for the years ended December 31, 2011 and 2010, respectively.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 8 - Contributions and Grants Receivable

Future contributions and grants receivable are expected to be collected as follows:

Years Ending December 31:

2012	\$ 992,978
2013	300,000
2014	<u>250,000</u>
	1,542,978
Less: Discount	<u>23,089</u>
	<u>\$ 1,519,889</u>

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available to support the Agency's specific programs in:

	December 31,	
	2011	2010
Haiti	\$ 13	\$ 110,219
Bulgaria	115,296	73,805
Serbia	20,647	-0-
Ethiopia	1,536,478	776,404
Vietnam	11,704	83,095
Other	<u>100,020</u>	<u>126,380</u>
	<u>\$ 1,784,158</u>	<u>\$ 1,169,903</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors:

	Year Ended December 31,	
	2011	2010
Azerbaijan	\$ -0-	\$ 375
Haiti	136,673	22,088
Bulgaria	249,796	206,700
Serbia	29,523	-0-
Ethiopia	481,621	541,449
Vietnam	85,406	81,160
Other	<u>281,386</u>	<u>217,691</u>
	<u>\$ 1,264,405</u>	<u>\$ 1,069,463</u>

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 10 - In-Kind Services

Included in grants and contributions are donated materials in the amounts of \$535,624 and \$84,431 for the years ended December 31, 2011 and 2010, respectively.

In-Kind services, at December 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Mobile truck	\$ 375,000	\$ -
Rent	31,224	-
Goods and services	<u>129,400</u>	<u>84,431</u>
	<u>\$ 535,624</u>	<u>\$ 84,431</u>

Note 11 - Subsequent Events

WWO has evaluated all events or transactions that occurred after December 31, 2011 through the date of these financial statements, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.