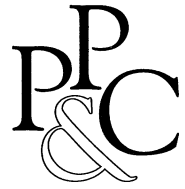


WORLDWIDE ORPHANS FOUNDATION
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2010 AND 2009

WORLDWIDE ORPHANS FOUNDATION
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DECEMBER 31, 2010 AND 2009

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Independent Auditors' Report

Board of Directors
Worldwide Orphans Foundation

We have audited the accompanying statement of financial position of Worldwide Orphans Foundation as of December 31, 2010 and the related statements of unrestricted activities, changes in net assets and cash flows for the years then ended and the statement of functional expenses for the year ended December 31, 2010. 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 audit.

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 as of December 31, 2010 and 2009 and activities for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pustorino, Puglisi & Co., LLP

Pustorino, Puglisi & Co., LLP
New York, New York
November 10, 2011

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
<u>Assets</u>		
<u>Current assets</u>		
Cash and cash equivalents	\$ 1,767,365	\$ 1,787,080
Contributions receivable	967,353	607,360
Overseas deposits	357,160	62,030
Prepaid expenses	80,564	97,380
Investments, at fair value	1,369,587	1,332,990
Property and equipment, net	70,031	105,879
Security deposit	8,590	8,590
	\$ 4,620,650	\$ 4,001,309
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	38,452	32,201
 <u>Net assets</u>		
Unrestricted	3,412,295	2,709,239
Temporarily restricted	1,169,903	1,259,869
Total net assets	4,582,198	3,969,108
 Total liabilities and net assets	 \$ 4,620,650	 \$ 4,001,309

The accompanying notes are an integral part of these financial statements

WORLDWIDE ORPHANS FOUNDATION
 STATEMENTS OF UNRESTRICTED ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<u>Public support</u>		
Grants and contributions	\$ 696,987	\$ 674,030
Government grants	687,051	390,240
Special events	1,530,263	945,660
Less: direct cost of benefit	(346,438)	(216,790)
Total public support	2,567,863	1,793,140
<u>Other revenue</u>		
Investment income	37,513	19,020
Net assets released from restrictions	1,069,463	853,060
Total unrestricted support and revenue	3,674,839	2,665,220
<u>Expenses</u>		
Program services	2,364,197	1,843,024
Management and general	192,312	164,361
Fund raising	415,274	378,720
Total expenses	2,971,783	2,386,105
Change in unrestricted net assets	\$ 703,056	\$ 279,115

The accompanying notes are an integral part of these financial statements

WORLDWIDE ORPHANS FOUNDATION
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Unrestricted Net Assets:		
Total unrestricted revenues and gains	\$ 2,605,376	\$ 1,812,160
Net assets released from restriction	1,069,463	853,060
Total unrestricted expenses and losses	(2,971,783)	(2,386,105)
Change in unrestricted net assets	703,056	279,115
Temporarily restricted net assets:		
Individual contributions	978,346	862,086
Investment income	1,151	3,583
Net assets released from restrictions	(1,069,463)	(853,060)
Change in temporarily restricted net assets	(89,966)	12,609
Increase in net assets	613,090	291,724
Net assets at beginning of year	3,969,108	3,677,384
Net assets at end of year	\$ 4,582,198	\$ 3,969,108

The accompanying notes are an integral part of these financial statements

WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services					Azerbaijan	Total Program Services	Management and General	Fundraising	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia					
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
Non profit 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
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
	\$ 989,570	\$ 857,506	\$ 364,006	\$ 85,963	\$ 54,844	\$ 12,308	\$ 2,364,197	\$ 192,312	\$ 415,274	\$ 2,971,783
Benefit										346,438
										\$ 3,318,221

The accompanying notes are an integral part of these financial statements

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 613,090	\$ 291,724
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	38,989	36,310
Unrealized gains on investments	(18,631)	(5,180)
Contributions of securities	(63,098)	(23,383)
Changes in assets and liabilities:		
Contributions receivable	(359,993)	141,658
Overseas deposits	(295,130)	100,301
Prepaid expenses	16,815	(29,370)
Security deposits	-	1,050
Accounts payable	6,252	16,022
Net cash provided by (used in) operating activities	(61,706)	529,132
<u>Cash flows from investing activities:</u>		
Purchase of fixed assets	(3,141)	-
Purchases of investments	(454,552)	(6,684)
Change in cash held for long-term purposes	(11,819)	(351,080)
Proceeds from sales and maturities of investments	511,503	23,383
Net cash provided by (used in) investing activities	41,991	(334,381)
Change in cash and cash equivalents	(19,715)	194,751
Cash and cash equivalents, beginning of year	1,787,080	1,592,329
Cash and cash equivalents, end of year	\$ 1,767,365	\$ 1,787,080

The accompanying notes are an integral part of these financial statements

WORLDWIDE ORPHANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1 – 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.

Worldwide Orphans Foundation 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 5 different countries. The Agency has 15 full time employees in the US and over 150 employees overseas that manage their daily operations. WWO is also served by hundreds of volunteers around the world.

Currently WWO has programs in Bulgaria, Ethiopia, Haiti, Serbia and Vietnam.

Note 2 – Summary of Significant Accounting Policies:

A summary of the significant accounting policies are as follows:

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 the Agency and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Agency and/or the passage of time. 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.

Income Taxes:

Worldwide Orphans Foundation is a not-for-profit organization founded in New York and exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statement.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 2 – Summary of Significant Accounting Policies (Continued):

Valuation of Portfolio Investments:

The Agency accounts for investments in accordance with the fair value measurements accounting standard. Under this standard, various inputs are used in determining the value of the Agency's investments. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – significant unobservable inputs (including the Agency's own assumptions in determining the fair value of investments).

Investments are carried at estimated fair value as determined by the market. Fair value is generally defined as the amount that the Agency could reasonably expect to receive for an investment in an orderly disposition on a current sale. Securities listed on a national securities exchange or quoted on NASDAQ are valued at their last sales price as of the last business day of the year (Level 1). Listed securities and over-the-counter securities with no reported sales on such date are valued at their last closing bid price (Level 1). The Agency evaluates all of its investments using Level 1 inputs.

Contributions:

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges are recognized when they are legally enforceable and when the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same period as the contribution are reported as unrestricted activity. Contributions for which the Agency does not have variance power are recorded as liabilities. Contributions of securities are valued based on quoted market prices on the day of delivery. In-kind contributions are recorded at their fair value.

Property and Equipment:

Property and equipment are recorded at cost, or for donated items, at the fair value of the asset on the date of acquisition. Depreciation is provided on the straight-line method based on the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Certain expenses are allocated functionally to program, administrative and fund raising activities on the basis of estimates made by management.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 3 – Investments:

The Agency's investments at fair value are summarized as follows:

	December 31,	
	2010	2009
Cash and short term securities	\$ 1,271,030	\$ 1,259,211
Domestic preferred stocks	98,557	73,779
	\$ 1,369,587	\$ 1,332,990

The following summarizes the components of investment income:

	Year ended December 31,	
	2010	2009
Interest and dividends	\$ 20,033	\$ 17,423
Unrealized gain (loss) on investments	18,631	5,180
	\$ 38,664	\$ 22,603

Note 4 – Property and Equipment:

Property and equipment consist of the following:

	December 31,	
	2010	2009
Equipment and furniture	\$ 119,955	\$ 116,808
Leasehold improvements	91,061	91,061
	211,016	207,869
Less: Accumulated depreciation	(140,985)	(101,990)
	\$ 70,031	\$ 105,879

Depreciation expense for the years ended December 31, 2010 and 2009 amounted to \$38,990 and \$36,310, respectively.

WORLDWIDE ORPHANS FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

Note 5 – Commitments and Contingencies:

The Agency has signed a five year lease for office space in New Jersey. The minimum annual rental payments under the operating lease commencing September 15, 2006 were \$28,060.

Starting June 15, 2011, the Agency entered into a new five year lease agreement for office space.

Future minimum rental payments on operating leases are as follows:

Year ending December 31,		
2011	\$	46,348
2012		61,192
2013		61,192
2014		61,192
2015		61,192
Thereafter		<u>28,048</u>
	\$	<u>319,164</u>

Occupancy expense, including utilities and miscellaneous charges, was \$128,756 and \$122,012 for the years ended December 31, 2010 and 2009, respectively.

Note 6 – Contributions Receivable and Temporarily Restricted Net Assets:

Future contributions receivable are expected to be collected as follows:

Year ending December 31,		
2011	\$	782,159
2012		<u>175,000</u>
		957,159
Less: discount		<u>10,194</u>
	\$	<u>967,353</u>

Temporarily restricted net assets were available to support the following specific programs:

	December 31,	
	2010	2009
Haiti	\$ 110,219	\$ -
Bulgaria	73,805	74,343
Ethiopia	776,404	1,026,153
Vietnam	83,095	75,873
Other	<u>126,380</u>	<u>83,500</u>
	<u>\$ 1,169,903</u>	<u>\$ 1,259,869</u>

WORLDWIDE ORPHANS FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

Note 6 – Pledges Receivable and Temporarily Restricted Net Assets (Continued):

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

	Year ended December 31,	
	2010	2009
Azerbaijan	\$ 375	\$ 4,021
Haiti	22,088	-
Bulgaria	206,700	199,417
Ethiopia	541,449	412,723
Vietnam	81,160	65,157
Other	217,691	171,742
	\$ 1,069,463	\$ 853,060

Note 7 – In-Kind Services:

Included in grants and contributions are donated materials in the amounts of \$84,431 and \$48,260 for the years ended December 31, 2010 and 2009, respectively.

Note 8 – Subsequent Events:

For purposes of disclosure in the financial statements, management has evaluated subsequent events through November 10, 2011, the date the financial statements were available to be issued.