

THEO'S WORK, INC.
FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007



Theo's Work, Inc.
June 30, 2008 and 2007
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March 5, 2009

To the Board of Directors of
Theo's Work, Inc.
Greensboro, NC

Independent Auditor's Report

We have audited the accompanying statements of financial position of Theo's Work, Inc. (a nonprofit organization) as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Theo's Work, Inc. 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 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 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 Theo's Work, Inc. as of June 30, 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.

Becher, Della Torre, Gitto & Company

Ridgewood, New Jersey

Theo's Work, Inc.
 Statements of Financial Position
 June 30,

Assets

	2008	2007
Current assets		
Cash and cash equivalents	\$ 618,225	\$ 405,812
Securities owned, at market	-	1,973
Total assets	\$ 618,225	\$ 407,785

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 1,324	\$ 2,135
Due to Rotary International	56,000	-
Total current liabilities	57,324	2,135
Total liabilities	57,324	2,135
Net assets		
Unrestricted	546,901	405,650
Temporarily restricted	14,000	-
Total net assets	560,901	405,650
Total liabilities and net assets	\$ 618,225	\$ 407,785

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

Theo's Work, Inc.
 Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2008 and 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Contributions	\$ 1,762,144	\$ 14,000	\$ 1,776,144	\$ 1,564,001	\$ -	\$ 1,564,001
Interest and dividends	7,015	-	7,015	7,041	-	7,041
Total support and revenue	<u>1,769,159</u>	<u>14,000</u>	<u>1,783,159</u>	<u>1,571,042</u>	<u>-</u>	<u>1,571,042</u>
Expenses						
Program services	1,539,176	-	1,539,176	1,217,488	-	1,217,488
General and administrative	24,217	-	24,217	18,328	-	18,328
Fundraising	64,515	-	64,515	109,587	-	109,587
Total expenses	<u>1,627,908</u>	<u>-</u>	<u>1,627,908</u>	<u>1,345,403</u>	<u>-</u>	<u>1,345,403</u>
Change in net assets	141,251	14,000	155,251	225,639	-	225,639
Net assets at beginning of period	<u>405,650</u>	<u>-</u>	<u>405,650</u>	<u>180,011</u>	<u>-</u>	<u>180,011</u>
Net assets at end of period	<u>\$ 546,901</u>	<u>\$ 14,000</u>	<u>\$ 560,901</u>	<u>\$ 405,650</u>	<u>\$ -</u>	<u>\$ 405,650</u>

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

Theo's Work, Inc.
 Statements of Functional Expenses
 For the Years Ended June 30, 2008 and 2007

	2008			2007				
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Donations to Pwoje Espwa:								
Orphanage operations	\$ 1,513,566	\$ -	\$ -	\$ 1,513,566	\$ 1,197,299	\$ -	\$ -	\$ 1,197,299
Assistance to individuals	25,610	-	-	25,610	20,189	-	-	20,189
Travel	-	-	39,538	39,538	-	-	51,705	51,705
Fundraising fees	-	-	18,833	18,833	-	-	44,907	44,907
Professional fees	-	12,590	-	12,590	-	8,500	-	8,500
Publications	-	-	4,617	4,617	-	-	8,989	8,989
Other expenses	-	11,627	1,527	13,154	-	9,828	3,986	13,814
Total expenses	<u>\$ 1,539,176</u>	<u>\$ 24,217</u>	<u>\$ 64,515</u>	<u>\$ 1,627,908</u>	<u>\$ 1,217,488</u>	<u>\$ 18,328</u>	<u>\$ 109,587</u>	<u>\$ 1,345,403</u>

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

Theo's Work, Inc.
 Statements of Cash Flows
 For the years ended June 30,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Increase in net assets	\$ 155,251	\$ 225,639
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Donated marketable securities included in contributions	1,973	(1,973)
Increase (decrease) in liabilities		
Accounts payable	(811)	(2,269)
Due to Rotary International	<u>56,000</u>	<u>-</u>
Net cash provided by operating activities	<u>212,413</u>	<u>221,397</u>
Increase in cash and equivalents	212,413	221,397
Cash and equivalents at beginning of period	<u>405,812</u>	<u>184,415</u>
Cash and equivalents at end of period	<u>\$ 618,225</u>	<u>\$ 405,812</u>
Cash paid during the period for:		
Income taxes	\$ -	\$ -
Interest	-	-

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

